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ACC-2179

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JANUARY 13, 1981 - 4:00 P.M.

# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Paretchan, Harry
   Hassing, Robert E. — Renne, Louise H.
   Toomey, Thomas A.

4. Minutes of Regular Meeting of November 18, 1980 and December 9, 1980 and Special Meeting of November 13, 1980, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Harry Paretchan, Chairman
   a. Klinger, Robert A. - HSS #71966-01
   b. Wong, Dennis - HSS #38038-03

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7. Old Business.
   a. Report on Prescription Drug Plan - P. Kearney
   b. Report on Temporary Employees - R. Smith
   c. Children's Hospital Health Plan re Temporary Employees - Mr. Ben Hunter
   d. Additional Report on Bay Pacific Medical Plan - Bay Pacific Representative

8. New Business.
   a. Letter from Van Bourg et al, Counsel for John Lake - Claimant vs. HSS. - Commissioner Toomey

9. Executive Director's Report.

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

Minutes

TUESDAY - JANUARY 13, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Paretchan, Harry
Hassing, Robert E. — Renne, Louise H.
Toomey, Thomas A.

4. Before the motion was made to approve the minutes of regular meeting of November 18, December 9, and special meeting of November 13, 1980, Commissioner Johnson referred to the minutes of December 9, 1980 where the roll call reflected that present for Supervisor Louis H. Renne was her aide, Heidi Evans. He noted that the minutes should reflect her absence. After agreement, Mr. Philip Kearney, Executive Director, stated that the correction would be made showing her absent but represented by her aide.

Motion was made by Commissioner Toomey and seconded by Commissioner Johnson to approve the minutes as corrected and the motion was carried.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., distributed his final draft of the annual actuarial report for the fiscal year ending June 30, 1980, which is a summary of the fiscal year, as well as a comparison of the claims experience of some prior years and the detail actuarial construction of the rates which he sets with the Rate Committee each fiscal year.

In the monthly statistical report submitted covering the first six months of the current fiscal year 1980, attached, the experience for the month shows the loss ratios under Basic Benefits at 92% and 87%, Major Medical; the Basic Benefits cumulative, 110%, was down from 115% and Major Medical, 97%, down from 99%. The total over all, 104%, is very good but he does foresee that the Major Medical experience will be substantially great in the last half of the year because most people will have satisfied their deductible and the increase in hospital charges.

6. APPEALS COMMITTEE. President Paretchan reported the following appeals and recommendations made by the Appeals Committee:

a. Robert A. Klinger - HSS#71966-01 - who is requesting payment of claims for dental work done by Orthodondists.

RECOMMENDATION: Denied as the procedure was strictly dental.

Motion was made by Commissioner Johnson and seconded by Commissioner Gaggero to accept the recommendation of the Appeals Committee and it was carried.



485 SFPL ECONOMICS
90 SFPL 07/03/02

6. APPEALS COMMITTEE. (Continued)

b. Dennis Wong - HSS #38038-03 - who requested coverage for reconstructive orthodontics.

RECOMMENDATION: Approved.

Motion was made by Commissioner Johnson and seconded by Commissioner Gaggero to accept the recommendation of the Appeals Committee and it was carried.

7. OLD BUSINESS.

a. Prescription Drug Plan. Mr. Kearney confined his remarks to Paid Prescriptions only and reported for the record that the Health Service System had not received the first run-off invoice from Paid Prescriptions which was due yesterday in the amount of $66,000. They have not complied with their schedule of payment and have not made a payment as of this date. The only billing to Health Service System to date was for the cost of the cards and postage.

Mr. Randall B. Smith, Administrative Assistant, mentioned that Ms. Beverly West had told him last week that the invoice was on its way and that checks have been generated to mail out this Thursday pending receipt of the invoice by Health Service System and the 72 hour turnaround in payment. They have had problems with the computer in putting in the 2-tier professional fees; the problem is now resolved and they have started running payment rolls. They will be catching up during the month of January and paying CGM claims that were transferred to them for processing.

Mr. Estes was asked to look into the matter of missing invoice.

b. Temporary Employees. Mr. Smith reported that the supplemental request had passed the first reading at the Board of Supervisors on Monday and that the enrollment of temporary employees is being continued; to date, 1,119 have been processed, 409 are effective 12-31-80; 338, 1-14-81 and another 372, 1-28-81; (211 went into Plan I, 19%; 506, Plan II, 45%; 402, Plan III, 36%, contributors only). At this point, additional enrollment sessions have not been scheduled pending the outcome of today's meeting and a policy decision of the Board. He referred to the Children's Hospital Health Plan letter of January 12, 1981 which stated that CHHP wishes to temporarily discontinue allowing temporary employees to be enrolled in their plan as they feel that the additional members will have an adverse effect upon the existing members. He asked that a decision be made today on the matter whether the Health Service Board will accept or reject their request.

Mr. Hunter, representative of CHHP, spoke stating that they are continuing to look for means to expand their facilities to meet the demands; that when a large group comes in so suddenly, there is a run on services and in order to continue providing a high quality of service, they wish to temporarily suspend the enrolling of temporary employees. It was noted that only 140

7. OLD BUSINESS. (Continued)

are effective at this point and from the letter they are predicating their request on 402 plus dependents. Mr. Hunter was asked if there were any facts or figures to indicate the impact of the 400 plus or was it anticipated? He stated that no figures are available and that it is anticipated; that services are being monitored and will be continued to be monitored, i.e., outpatient services; that many changes have been made already as a result of the number accepted at this point in time; changes to Saturday sessions and Pediatric and internal medicine appointments are being scheduled 4 and 5 nights a week. He also mentioned the open enrollments of other groups in December and January add a considerable number of people.

To the request to give actual figures rather than the anticipated, Mr. Hunter answered that he would report back to the Board next meeting for by then they would have a clear indication as to the impact on out-patient services. To the question whether Children's can give a concrete answer within 60 days as to their position to provide or as to how long it would be before they could operate normally, or terminate the contract because of breach of contract, Mr. Hunter answered that he did not know.

Discussion followed and questions before the Board were:

Children's is no longer offering a plan for temporary employees or part-time teachers working less than 20 hours, hence some teachers would not have the option of joining Children's. The Board was urged to consider Children's on a short term or long term regardless of the impact. Suggestion was made to not hold up the enrollment process but at this point to offer the choice of 2 medical plans rather than wait for 30 days for a response from Children's as to their ability to continue accepting all City employees.

Commissioner Gaggero brought out that school term clerks and para-professionals and Recreation and Park seasonal part-time personnel who work odd hours throughout the year from 14 to 16 weeks, are not eligible under Proposition D because Civil Service interprets the code to mean, 6 months of continuous service from June 1, 1980. Some people disagree with that. Mention was made of an oversight in the drafting of the legislation. Regarding the School Board, Mr. Smith mentioned that the matter has been taken up with Commissioner Gaggero and the personnel officer of the Board of Education as to their position in interpreting the administrative code that provides for 6 months of continuous service and 20 hours of work. He stated that the matter would be taken up with Civil Service to see whether these people would be eligible now or after six months; also the matter of subsidy for 12 months versus 9 months and how they will be handled in the summer when they do not receive pay checks.

Mr. Kearney, through the Chair, stated that the question before us now was whether to hold up the enrollment of temporary employees until Children's responded or to go ahead and offer two plans to the temporary employees.

7. OLD BUSINESS. (Continued)

Question was asked, would an opportunity be given to the next enrollment group to transfer out of their plan to Children's when the restriction is lifted, but it was decided that they wait until the open enrollment period for their transfer because of the administrative burden on the staff.

Motion was made by Commissioner Gaggero and seconded by Commissioner Johnson to honor the Children's Hospital Health Plan letter for 30 days pending Mr. Hunter's response whether they can resume accepting more City employees and secondly to allow temporary employees the choice of the other 2 plans in the interim. The motion was carried.

c. Bay Pacific Medical Plan. A second presentation was made by Bay Pacific Health Plan. This plan is a federally qualified HMO licensed in San Mateo and San Francisco by the State. The plan is sponsored by 9 hospitals, 4 in San Mateo County and 5 (Children's, Franklin, Mt. Zion, St. Luke's, and Marshall Hale) in San Francisco, plus 400 individual practicing physicians in San Mateo and 175 in San Francisco. The plan projects 300 IPA's in San Francisco by May 1981. They offer 100% coverage for inpatient hospitalization, office visits, and physical examinations, and provide a conversion plan for terminated employees. They have 8,000 members currently in San Mateo. There are no plans for expansion to other counties. The 1981 calendar year rates are, Employee only - $57.75 per month; Employee plus 1 - $115.51, and Employee plus family - $137.86.

8. NEW BUSINESS.

John Lake, HSS #85920-00 versus Health Service System

An appeal from Van Bourg, Allen, Weinberg & Roger, Attorneys, for John Lake requesting reimbursement for medical claims incurred while member was in exempt status.

FACTS:
July 1, 1974 - Lake was put in exempt status for delinquent contributions.
January 1, 1977 - Lake requested and was reinstated claiming he didn't know of leave rule.
September 29, 1978 - Lake was delinquent again as of June 30, 1978 and was sent a ten-day notice prior to transfer to exempt status. No response.
March 1979 - Lake requested again to be reinstated and was granted permission. Submitted check for back dues which was returned for insufficient funds. It was subsequently learned that Mr. Lake incurred medical bills of approximately $2,000 between January 30 and February 4, 1979 which was probable cause for his willingness to pay back contributions of $578.70.
Mr. Lake was subsequently reinstated to the Health Service System on June 1, 1980 and is presently a member of Plan I.

RECOMMENDATION: To deny the claim.

Motion was made by Commissioner Toomey and seconded by Commissioner Gaggero to accept the recommendation of Appeals Committee.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

   a. The resolution establishing rate of contribution of $48.45 per month per employee for 1981-82 fiscal year passed Board of Supervisors on Monday, January 12, 1981.

   b. The City is asking department's to absorb a 9% - 20% decrease depending on State bailout funds for the 1981-82 budget. The Health Service cannot for the 1981-82 fiscal year continue to absorb administrative costs from the Trust as it has this year.

10. There being no further business to come before the Board, the meeting was adjourned at 5:15 P.M. and the Board met in executive session.

Respectfully submitted,

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR JANUARY 13, 1981
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

1) Experience under Basic Benefit for period July through December 1980

| | CONTRIBUTIONS | CLAIMS | CLAIMS RATIO FOR MONTH | CLAIMS RATIO CUMULATIVE |
|---|---|---|---|---|
| ctive Employees | $ 1,437,511 | $1,487,510 | 74% | 103% |
| etired & Resigned | 618,083 | 657,963 | 111 | 106 |
| dult Dependents | 796,896 | 985,185 | 117 | 124 |
| inor Dependents | 398,620 | 439,997 | 92 | 110 |
| TOTAL | $ 3,251,110 | $3,570,655 | 92% | 110% |

2) Experience under Major Medical for period July through December 1980

| | | | |
|---|---|---|---|
| $ 2,618,203 | $2,539,908 | 87% | 97% |

3) Total Experience Basic and Major Medical Benefit

| | | | |
|---|---|---|---|
| $ 5,869,313 | $6,110,563 | 92% | 104% |

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# HEALTH SERVICE SYSTEM

CITY AND COUNTY OF SAN FRANCISCO

TELEPHONES
Administration 558-3701
Claims 558-4761
Membership 558-4322

450 McALLISTER STREET
SAN FRANCISCO, CALIFORNIA 94102

PHILIP J. KEARNEY
Executive Director

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O F F I C I A L N O T I C E

In compliance with Section 8.423 of the

Charter of the City and County of San Francisco

THE HEALTH SERVICE BOARD

announces its

ANNUAL PUBLIC HEARING MEETING

to be convened on

THURSDAY EVENING, JANUARY 15, 1981

AT 6:00 P.M.

in the

BOARD OF SUPERVISORS - COMMITTEE ROOM

ROOM #228

CITY HALL

SAN FRANCISCO, CALIFORNIA

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PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'A'
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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - FEBRUARY 10, 1981 - 4:00 P.M.

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# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Paretchan, Harry
   Hassing, Robert E. — Renne, Louise H.
   Toomey, Thomas A.

4. Minutes of Regular Meeting of January 13, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Harry Paretchan, Chairman

7. Old Business.

   a. Report on Prescription Drug Plan - R. Smith

   b. Report on Temporary Employees - R. Smith

   c. Children's Hospital Health Plan re Temporary Employees - Mr. Ben Hunter

8. New Business.

   a. Resolution to adopt Health Service Rates for fiscal year 1981-82.

   b. Budget Proposal for fiscal year 1981-82.

   c. Presentation of French Hospital Health Plan - Jerry Hill

9. Executive Director's Report.

Randall B. Smith

RANDALL B. SMITH
ACTING EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM 605
450 MC ALLISTER STREET, SAN FRANCISCO, CALIF.

Minutes

TUESDAY - FEBRUARY 10, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Paretchan, Harry
Gaggero, Joseph A. — Renne, Louise H.
Johnson, F. Walter — Toomey, Thomas A.

ABSENT: Hassing, Robert E.-- excused

4. Motion was made by Commissioner Toomey and seconded by Commissioner Bernstein to approve the Minutes of the regular meeting of January 13, 1981 as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr. reported that the claims experience for Basic Benefits for January was 125%; cumulative to date, 112%; the Major Medical for January was 121%; cumulative to date, 100%; the overall loss ratio for January was 123% and for the year to date, 107%. (Monthly statistical report attached.)

6. APPEALS COMMITTEE. President Paretchan, Chairman, reported no appeals during the month of January, 1981.

7. OLD BUSINESS.

a. Mr. Randall B. Smith, Acting Executive Director, reported that Paid Prescriptions now is in full production; $288,000 in contributions; $102,000 in paid claims through January, 1981 under this program.

b. Temporary Employees. Mr. Smith reported that to date, 1,800 temporary employees have been enrolled: 374 in Plan I (21%); 1,003, Plan II (56%); 423, Plan III (23%).

c. Children's Hospital Health Plan Limitation on Enrollments. Mr. Aldo Giacchino, Executive Director of the Plan, reported that Proposition D and the unanticipated enrollment of approximately 600 temporary employees and dependents is causing a tremendous strain on Children's Hospital outpatient resources. Total enrollment is now in excess of 10,000 individuals, 4,320 of whom are with the City group. Discussion of the options available ensued. There appeared to be four options: 1) Children's would terminate because they could not continue enrolling City employees; 1) a quota system would be set up during

7. OLD BUSINESS. (continued)

the May enrollment; 3) a freeze would be instituted for the Fiscal Year 1981-82 for Children's Hospital Health Plan only; and 4) CHHP would subject itself to normal open enrollment. There being no consensus of the Board for any of these options, the matter was put over for consideration at a reconvened meeting of the Board on February 17, 1981.

8. NEW BUSINESS:

a. A presentation on the French Hospital Health Plan was made by Mr. Jerry Hill. Mr. Hill explained that French is the oldest prepaid health plan in the United States with most physician and hospital care provided at the French Hospital Medical Center. A full spectrum of medical care is provided at the 297 bed hospital and through contract physicians at the medical center.

Newborn deliveries are contracted with either Children's Hospital or U. C. Hospital (Moffitt). Emergency services are provided at French Hospital at no charge or at Children's Hospital Emergency Room with a $25.00 deductible. A prescription drug program carrying a $3.00 deductible is available. The contract rates for the 1981-82 Fiscal Year are: $48.44 per month for employee only; $95.13, for employee plus one dependent; $133.26 for the family and $34.75 for individual in Medicare.

b. Adoption of Health Service Rates for Fiscal Year 1981-82.

Motion was made by Commissioner Toomey and seconded by Commissioner Gaggero to adopt the rates and benefit changes for Plans I, II, and III as recommended by the Rate Committee and the motion was carried. (Rate Schedule attached.)

9. At 5:30 P.M., Commissioner Toomey moved and it was seconded and passed, that the meeting be continued to Tuesday, February 17, 1981.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
ACTING EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR FEBRUARY 10, 1981

MEETING OF THE HEALTH SERVICE BOARD

PLAN I

(1) Experience under Basic Benefit for period July 1980 through January 1981

| | CONTRIBUTIONS | CLAIMS | CLAIMS RATIO FOR MONTH | CLAIMS RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 1,669,392 | $1,818,162 | 143% | 109% |
| Retired & Resigned | 734,107 | 794,637 | 118 | 108 |
| Adult Dependents | 929,093 | 1,132,139 | 111 | 122 |
| Minor Dependents | 463,451 | 508,823 | 106 | 110 |
| TOTAL | $ 3,796,043 | $4,253,761 | 125% | 112% |

(2) Experience under Major Medical for period July 1980 through January 1981

| | | | | |
|---|---|---|---|---|
| | $ 3,065,852 | $3,080,356 | 121% | 100% |

(3) Total Experience-Basic and Major Medical Benefit

| | | | | |
|---|---|---|---|---|
| | $ 6,861,895 | $7,334,117 | 123% | 107% |

TO: HEALTH SERVICE BOARD

SUBJECT: RECOMMENDATIONS OF THE RATE COMMITTEE FOR 1981-82 FISCAL YEAR

PROPOSED CITY PLAN I RATES

| | Contract | | City Contribution | | Employee Contribution | | Variance Monthly |
|---|---|---|---|---|---|---|---|
| | BW | MO | BW | MO | BW | MO | 80-81 vs 81-82 |
| Employee | 27.48 | 59.55 | 22.36 | 48.45 | 5.12 | 11.10 | + 3.03 |
| + 1 | 49.45 | 107.15 | 22.36 | 48.45 | 27.09 | 58.70 | + 7.73 |
| + Family | 65.65 | 142.25 | 22.36 | 48.45 | 43.29 | 93.80 | + 10.06 |
| + 1 M | 40.25 | 87.21 | 22.36 | 48.45 | 17.89 | 38.76 | + 3.03 |
| + 1 M + Family | 56.45 | 122.31 | 22.36 | 48.45 | 34.09 | 73.86 | + 5.36 |
| Retired - NM | | 103.90 | | 92.80 | | 11.10 | + 3.03 |
| Retired - MB | | 66.76 | | 66.66 | | .10 | - 7.97 |
| Retired - M | | 39.86 | | 39.76 | | .10 | + 0.10 |
| Surviving Spouse - NM | | 56.55 | | -0- | | 56.55 | + 4.18 |
| Surviving Spouse - M | | 36.61 | | -0- | | 36.61 | + 3.95 |

NOTE: Average increase 14%. Benefit changes - Normal inpatient hospital coverage for newborn children provided newborn is added to plan within thirty (30) days of birth.

PROPOSED KAISER FOUNDATION HEALTH PLAN RATES

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Employee/ Retiree - NM | 21.22 | 45.98 | 22.36 | 48.45 | -0- | -0- | -0- |
| + 1 | 42.21 | 91.46 | 22.36 | 48.45 | 19.85 | 45.48 | + 4.44 |
| + Family | 61.13 | 132.44 | 22.36 | 48.45 | 38.77 | 86.46 | + 8.44 |
| + 1 M | 35.54 | 77.00 | 22.36 | 48.45 | 13.18 | 31.02 | + 3.08 |
| + 1 M + Family | 54.45 | 117.98 | 22.36 | 48.45 | 32.09 | 72.00 | + 7.08 |

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HEALTH SERVICE BOARD

CONTINUATION OF FEBRUARY 10, 1981

REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO

TO BE HELD IN ROOM 228

CITY HALL, SAN FRANCISCO, CALIF.

TUESDAY - FEBRUARY 17, 1981 - 9:30 A.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Paretchan, Harry
Hassing, Robert E. — Renne, Louise H.
Toomey, Thomas A.

7. Old Business.

   c. Children's Hospital Health Plan. (a continued item)

8. New Business.

   a. Adoption of Health Service Rates and Plans for 1981-82 fiscal year. (a continued item)

   b. Budget Proposal for 1981-82 fiscal year.

9. Executive Director's Report.

Randall B. Smith

RANDALL B. SMITH
ACTIVE EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM

CONTINUATION OF FEBRUARY 10, 1981 REGULAR MEETING OF HEALTH SERVICE BOARD

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HELD IN ROOM 228, CITY HALL, SAN FRANCISCO, CALIF.

TUESDAY - FEBRUARY 17, 1981 - 9:30 A.M.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Paretchan, Harry
Hassing, Robert E. — Renne, Louise H.
Toomey, Thomas A.

7. OLD BUSINESS. President Paretchan opened the meeting by asking Mr. Ben Hunter if Children's Hospital Health Plan had any change in their position since the meeting of February 10, 1981.

Mr. Hunter submitted a letter to the Board expressing Children's confidence that they could subject themselves to normal open enrollment and not be adversely affected if one of two new plans with comparable rates to Children's were adopted by the Board for the 1981-82 Fiscal Year and if the suspension for temporary employees could be continued. Commissioner Johnson felt that to continue the suspension for temporary employees and not for new permanent employees would be discriminatory.

After discussion, Commissioner Johnson made the motion that enrollments into the Children's Health Plan be suspended to the end of this fiscal year for both temporary and new permanent employees. The motion was seconded and passed.

Representatives of French Hospital Health Plan, Mr. Jerry Hill, and Bay Pacific Health Plan, Mr. Stephen C. Schwartz, made short summary presentations of their respective plans.

Mr. Randall B. Smith, Acting Executive Director, asked the representatives of both plans whether any conflicts between the plan's disclosure statements and the Health Service System Rules and Regulations would be changed to conform to HSS guidelines. Both Mr. Hill and Mr. Schwartz answered in the affirmative.

8. NEW BUSINESS.

a. Adoption of Rates and Benefits. Commissioner Hassing made the motion and it was seconded that the Rules and Regulations for qualification as a new plan be suspended and that the French Hospital and Bay Pacific Health Plans and rates be adopted for the 1981-1982 Fiscal Year. The motion was unanimously passed. (Rate Exhibit attached.)

b. 1981-1982 Budget. Mr. Smith reported that negotiations are currently going on with the Mayor's office on the amount of ad valorem revenue available to the Health Service System for the next fiscal year. Currently, the intent is to submit a maintenance level expenditure budget of $1,017,206. The revenues to support this budget are currently at $340,000 Ad Valorem, $381,000 Special Fund and $296,206 HSS Trust Fund. The same revenue figures for the current fiscal year are $340,000 Ad Valorem, $181,000 Special Fund, and $496,206 HSS Trust Fund.

8. Mr. Smith requested a motion of the Board to approve for submission to the Controller by March 2, 1981 an expenditure budget of $1,017,206 with the provision that the revenues to support this budget are still subject to negotiation with the Mayor.

President Paretchan entertained the motion that the expenditure budget of $1,017,206 be submitted. It was so moved by Commissioner Hassing and seconded by Commissioner Bernstein and the motion was carried unanimously.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported that the supplemental for the additional staff was finally passed and that the Mayor approved the release of four personnel requisitions on February 9th. It is expected that new personnel will be employed by February 25th to alleviate the overburdened Membership Division.

10. There being no further business before the Board, the meeting was adjourned at 11:07 A.M.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
ACTING EXECUTIVE DIRECTOR

## PROPOSED FRENCH HOSPITAL PLAN RATES

| | Contract | | City Contribution | | Employee Contribution | |
|---|---|---|---|---|---|---|
| | BW | MO | BW | MO | BW | MO |
| Employee | 22.36 | 48.44 | 22.36 | 48.45 | -0- | -0- |
| + 1 | 43.91 | 95.13 | 22.36 | 48.45 | 21.55 | 46.69 |
| + Family | 61.50 | 133.26 | 22.36 | 48.45 | 39.14 | 84.82 |
| + 1 M | 38.40 | 83.19 | 22.36 | 48.45 | 16.04 | 34.75 |
| + 1 M + Family | 55.99 | 121.32 | 22.36 | 48.45 | 33.63 | 72.88 |
| Retired - NM | | 48.44 | | 48.44 | | -0- |
| Retired - MB | | 34.75 | | 34.75 | | -0- |
| Retired - M | | 34.75 | | 34.75 | | -0- |
| Surviving Spouse - NM | | 48.44 | | -0- | | 48.44 |
| Surviving Spouse - M | | 34.75 | | -0- | | 34.75 |

## PROPOSED BAY PACIFIC HEALTH PLAN RATES

| | | | | | | |
|---|---|---|---|---|---|---|
| Employee | 24.73 | 53.59 | 22.36 | 48.45 | 2.37 | 5.14 |
| + 1 | 50.13 | 108.62 | 22.36 | 48.45 | 27.77 | 60.17 |
| + Family | 63.69 | 137.99 | 22.36 | 48.45 | 41.33 | 89.54 |
| + 1 M | 41.36 | 89.61 | 22.36 | 48.45 | 19.00 | 41.16 |
| + 1 M + Family | 34.91 | 118.98 | 22.36 | 48.45 | 32.55 | 70.53 |
| Retired - NM | | 53.59 | | 48.45 | | 5.14 |
| Retired - MB | | 36.02 | | 36.02 | | -0- |
| Retired - M | | 36.02 | | 36.02 | | -0- |
| Surviving Spouse - NM | | 53.59 | | -0- | | 53.59 |
| Surviving Spouse - M | | 36.02 | | -0- | | 36.02 |

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MARCH 10, 1981 - 4:00 P.M.

# A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Paretchan, Harry
   Hassing, Robert E. — Renne, Louise H.
   Toomey, Thomas A.
4. Minutes of Regular Meeting of February 10, 1981, continued on February 17, 1981, submitted for approval.
5. Actuarial Report - Mr. Juan B. Rael, Jr.
6. Appeals Committee - Harry Paretchan, Chairman
7. Rules Committee - F. Walter Johnson, Chairman
8. Old Business.
   a. Report on Temporary Employees - R. Smith
   b. Report on 1981-82 Revenue Budget - R. Smith
9. New Business.
10. Executive Director's Report.

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Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

Minutes

TUESDAY - MARCH 10, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Paretchan, Harry |
| | Gaggero, Joseph A. | Renne, Louise H. |
| | Johnson, F. Walter | Toomey, Thomas A. |
| ABSENT: | Hassing, Robert E. | |

4. Motion was made by Commissioner Toomey and seconded by Commissioner Gaggero to approve the minutes of both the regular meeting on February 10, 1981 and the continued meeting on February 17, 1981 submitted for approval.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr. reported that for the first eight months: Basic Benefits reflected a loss ratio of 104% for the month of February, 111% cumulative; Major Medical, 110% for the month, 102% cumulative; and overall, a 107% for the month and 107% for the year to date. The drug program under contract with Paid Prescriptions showed revenues of $380,645 and expenditures of $287,000 to date and a loss ratio of 75%.

6. APPEALS COMMITTEE. President Paretchan, Chairman, reported no appeals during the month of February, 1981.

7. RULES COMMITTEE.

Commissioner Johnson presented the recommendations of the Rules Committee.

Commissioner Toomey made a motion to adopt all proposed Rules of Coverage changes and Rules and Regulations changes with the exception of Item 1H dealing with maternity coverage for services provided by a licensed nurse midwife. This item was referred back to committee. Commissioner Bernstein seconded the motion and the motion was carried. (See Rule changes in attached exhibit.)

8. OLD BUSINESS.

a. Report on Temporary Employees. Mr. Randall B. Smith, Executive Director, reported that 2,025 temporary employees have now been enrolled; 225 additional employees have been enrolled since last month: 63 Plan I; 160 Kaiser; 2 Children's. Subsequent enrollment sessions are scheduled.

8. OLD BUSINESS. (Continued)

b. Report on 1981-82 Revenue Budget. Mr. Smith reported that President Paretchan, Mr. Philip J. Kearney, Mr. Mike Clark of Rael & Letson and himself met with Mr. Nothenberg and Mr. Sullivan of the Mayor's office. Mr. Nothenberg informed them that no additional ad valorem is available to reduce the amount of $295,000 that is needed from the Trust fund to cover next year's shortfall. This amount can only be reduced if substantial bailout is received from the State or Federal government, which eventuality is considered unlikely. Mr. Nothenberg did agree that the cost of salary standardization estimated at $100,000 would be paid from ad valorem funds. If the Health Service were forced to move from 450 McAllister, the cost of moving and any renovation would be covered external to the Health Service System budget, and that the General Fund would pay their portion (estimated at 53%) of any annual lease costs.

9. NEW BUSINESS. None.

10. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported that Meilani Tom, who was in attendance, is the new representative from the Kaiser Foundation Health Plan.

All health plans have submitted their changes and additions to the 1981-82 Comparison of Plans sheet, which will be prepared in coordination with the passage of the ordinance before the Board of Supervisors for the adoption of Plans and rates for the 1981-82 fiscal year.

A new account clerk was hired in the Membership Division on February 26, 1981 and another account clerk and CETA clerk are starting on March 11, 1981. All these individuals will provide needed relief to the Membership Division which has a backlog of work caused by the temporary employees influx into the system.

11. There being no further business to come before the Board, the meeting was adjourned at 4:55 P.M. and the Board met in executive session.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR MARCH 10, 1981

MEETING OF THE HEALTH SERVICE BOARD

PLAN I

(1) Experience under Basic Benefit for period July 1980 through February 1981

| | CONTRIBUTIONS | CLAIMS | CLAIMS RATIO FOR MONTH | CLAIMS RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 1,907,284 | $2,033,053 | 90% | 107% |
| Retired & Resigned | 842,705 | 907,984 | 104 | 108 |
| Adult Dependents | 1,061,086 | 1,291,750 | 121 | 122 |
| Minor Dependents | 528,072 | 586,947 | 121 | 111 |
| TOTAL | $ 4,339,147 | $4,819,734 | 104% | 111% |

(2) Experience under Major Medical for period July 1980 through February 1981

| | | | | |
|---|---|---|---|---|
| | $ 3,505,772 | $3,564,512 | 110% | 102% |

(3) Total Experience - Basic and Major Medical Benefit

| | | | | |
|---|---|---|---|---|
| | $ 7,844,919 | $8,384,246 | 107% | 107% |

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - APRIL 14, 1981 - 4:00 P.M.

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A G E N D A

1. Call to Order

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Paretchan, Harry
Hassing, Robert E. Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of March 10, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Harry Paretchan, Chairman

7. Rules Committee - F. Walter Johnson, Chairman

Recommendation to add coverage for licensed nurse midwife.

8. Old Business.

Report on Temporary Employees - R. Smith

9. New Business.

a. Quality of services provided by Kaiser Foundation Health Plan.

b. Charter Amendment relating to limit on terms served by members of Boards and Commissions.

10. Executive Director's Report.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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4/14/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - APRIL 14, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with Commissioner Bernstein, pro tempore, presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Hassing, Robert E.
Johnson, F. Walter
Toomey, Thomas A.

ABSENT: Paretchan, Harry
Renne, Louise H.

4. Motion was made by Commissioner Toomey and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of March 10, 1981 as submitted.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., Actuary, reported Basic Benefits loss ratio for March at 113% and the cumulative ratio, 111%; the Major Medical for March, 144%, and cumulative, 106%. The Paid Prescriptions contract reflected a loss ratio of 113% for March and a cumulative of 83% to date. (Exhibit attached)

6. APPEALS COMMITTEE. Mr. Randall B. Smith, Executive Director, in Chairman Paretchan's absence, reported no appeals during the month of March.

7. RULES COMMITTEE. Chairman Johnson of the Rules Committee submitted an amended Rule of coverage on midwifery. The original recommendation was referred back to the Rules Committee at the March Board meeting. The proposed rule adds to Part B - Major Medical Subsection 6p the following:

> "Charges of a licensed nurse midwife may be covered in lieu of obstetrician fees. In the event of complications and the services of a physician are required, the Health Service will cover both providers based on services rendered as determined by medical review of the Health Service System."

A motion was made by Commissioner Toomey to adopt the rule and it was seconded by Commissioner Gaggero and duly passed.

8. OLD BUSINESS. Report on Temporary Employees. Mr. Smith reported that 2,292 temporary employees had been enrolled as of April 8, 1981: 523, Plan I; 1,343, Kaiser Health Plan and 426, Children's Hospital Health Plan; 799 dependents have been added: 174 in Plan I; 504, Kaiser and 121, Children's. Eligible temporary employees who have not yet enrolled have been notified by distribution to departments for posting of

8. OLD BUSINESS. (Continued)

notice that a final enrollment opportunity will be given during the month of April. This is being done to complete the temporary enrollment process before the May open enrollment period for all members. Temporary employees, except those just attaining eligibility, will then be treated the same as permanent employees in that they can only enroll or change plans in May each year with an effective date of July 1.

9. NEW BUSINESS.

a. Quality of Services provided by Kaiser Foundation Health Plan. Mr. Smith reported that Supervisor Renne requested this item be calendared as a result of an inquiry by a citizen at the Finance Committee hearing on adoption of plans and rates for 1981-82 fiscal year. The citizen wished to know whether the Health Service System investigates the quality of services provided by Kaiser. No information was given by the individual on her specific complaint with Kaiser. Our procedure with Kaiser complaints was explained.

Every letter of complaint relative to Kaiser is forwarded to Kaiser for investigation, response and subsequent resolution. Since January 1980, we have received only 6 letters of complaint on Kaiser service. Kaiser reports that even the unusual influx of City temporary employees has not affected their ability to provide service. Residents of San Francisco who belong to the Kaiser Plan have only grown 17,000 since December 1975; 127,000 to 144,000 people or over 20% of the total City population. This number of people is a testimony in itself to the ability of Kaiser to service many people and the numbers of people who apparently are satisfied with their services. Kaiser also provides outlets, such as patient assistance in each of its facilities to handle member grievances. Mr. Smith felt that the number of complaints from members of this System did not justify any large investigation of Kaiser medical services.

It was moved to table this matter.

b. Charter Amendment relating to terms served by members of Boards and Commissions. Mr. Smith reported that Supervisor Silver proposed a Charter amendment that would limit service to no more than two successive terms on any Board or Commission. The amendment was tabled at the L & P Committee meeting on April 7 and therefore is a dead issue unless reintroduced. The Health Service Board did not wish to comment on the amendment at this time since it was a tabled matter.

10. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported the following:

a. The 1981-82 Comparison of Plans sheet will be received on April 17 and distributed to all employee members. The full text of the Membership Rules and Regulations will be on the back of the Comparison sheet. This is the first updated printing of the Rules since 1976. The ordinance for adoption of plans, rates and benefits for 1981-82 passed at second reading of the Board of Supervisors on April 13th.

10. EXECUTIVE DIRECTOR'S REPORT. (Continued)

b. French Hospital and Bay Pacific plan mass distributions of their plan literature to all employees. These plans, as well as Children's hospital, will have a representative in the Health Service office during May to respond to member's inquiries about their plans.

c. An all time record of ten employees have been nominated to run for the Health Service Board seat of Commissioner Paretchan. This is for a five-year term commencing May 15, 1981.

d. A letter of commendation was requested honoring Cornelius E. Murphy on the occasion of his retirement after 31 years with the City; he is the Chief of Systems in the Controller's EDP and has responsibility for the Health Service System. He was also a tabulator operator supervisor for the System many years ago.

A motion was made by Commissioner Johnson and seconded by Commissioner Gaggero that a letter of commendation be written and sent to Cornelius E. Murphy. It was duly passed.

11. There being no further business to come before the Board, the meeting was adjourned at 4:45 P.M.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR APRIL 14, 1981
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

) Experience under Basic Benefit for period July 1980 through March 1981

| | CONTRIBUTIONS | CLAIMS | CLAIMS RATIO FOR MONTH | CLAIMS RATIO CUMULATIVE |
|---|---|---|---|---|
| tive Employees | $ 2,147,878 | $2,299,104 | 111% | 107% |
| tired & Resigned | 944,877 | 1,013,327 | 103 | 107 |
| ult Dependents | 1,191,001 | 1,455,278 | 126 | 122 |
| nor Dependents | 592,186 | 657,044 | 113 | 111 |
| TOTAL | $ 4,875,941 | $5,424,763 | 113% | 111% |

) Experience under Major Medical for period July 1980 through March 1981

| | | | |
|---|---|---|---|
| $ 3,942,593 | $4,191,441 | 144% | 106% |

) Total Experience - Basic and Major Medical Benefit

| | | | |
|---|---|---|---|
| $ 8,817,534 | $9,616,194 | 127% | 109% |

) Prescription Drug Benefit

| | | | |
|---|---|---|---|
| $ 472,393 | $ 390,786 | 113% | 83% |

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4/27/81

HEALTH SERVICE SYSTEM

OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD

HELD IN THE BOARD MEETING ROOM

450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

MONDAY-APRIL 27, 1981 - 10:30 A.M.

# A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Paretchan, Harry
Hassing, Robert E. — Renne, Louise H.
Toomey, Thomas A.

SPECIAL ITEM:

1981-82 Health Service Administrative Budget.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

DIST. 'C'

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4/27/81

HEALTH SERVICE SYSTEM

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO

HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

MONDAY - APRIL 27, 1981 - 10:30 A.M.

1. The Special Meeting of the Health Service Board was called to order at 10:30 A.M. with President Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Gaggero, Joseph A.
Johnson, F. Walter
Paretchan, Harry
Toomey, F. Walter
Renne, Louise H.

ABSENT: Bernstein, Abraham, M.D. - excused
Hassing, Robert E. - excused

4. 1981-82 Health Service Administrative Budget. Mr. Randall B. Smith, Executive Director, presented an outline of the budget summary presented to the Mayor. In the 1980-81 fiscal year, the Health Service Board contributed $496,000 to support the administrative budget: $200,000 to increase the level of service and $296,000 to subsidize ongoing operations. The Health Service Board refused to use trust fund monies for 1981-82 fiscal year. The question before the Mayor was, whether in the absence of trust fund monies, the budget would be cut or General Fund monies used to make up the shortfall in the budget? The Mayor directed that the Health Service Board either subsidize this budget with trust fund monies or submit a budget with reductions in the amount of the shortfall.

After discussion by the Board of the City's charter mandated responsibility for providing the funds necessary to efficiently administer the system, the question of fiduciary responsibility for expenditure of trust fund monies and the long term implications of continued trust fund usage, the consensus of the Board was not to contribute trust fund monies toward the shortfall of $270,000 in the 1981-82 budget.

Mr. Smith submitted his recommendations to reduce the budget by $270,000 (Exhibit attached). These recommendations included deletion of 13 positions and a decrease of $40,000 in the data processing budget. The data processing budget had already been cut by $33,000 in the original budget submission. Six of these positions were given this fiscal year to handle the enrollment and maintenance in the system of the temporary employees who qualified for health coverage as a result of Proposition D on the November 1980 ballot.

The Board's decision was to request that the six positions provided to maintain temporary employees continue to be funded and seven vacant positions be defunded if required by the Mayor with any additional cuts taken in the EDP budget.

There being no further business to come before the Board, the meeting was adjourned at 11:25 A.M.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

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5/12/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MAY 12, 1981 - 4:00 P.M.

# A G E N D A

DOCUMENTS DEPT.
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1. Call to Order

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Paretchan, Harry
   Hassing, Robert E. — Renne, Louise H.
   Toomey, Thomas A.

4. Minutes of Regular Meeting of April 14, 1981 and Special Meeting of April 27, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Harry Paretchan, Chairman

7. Old Business.

   Final report on Temporary Employees - R. Smith

8. New Business.

9. Executive Director's Report.

Randall B. Smith
RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MAY 12, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Paretchan, Harry
Gaggero, Joseph A. — Toomey, Thomas A.
Johnson, F. Walter

ABSENT: Hassing, Robert - excused
Renne, Louise H. - excused

4. Motion was made by Commissioner Toomey and seconded by Commissioner Bernstein to approve the minutes of the Regular Meeting of May 12, 1981 as submitted.

5. ACTUARIAL REPORT. Mr. Chuck Oranski of the firm of Rael and Letson reported that Plan I Basic Benefits showed a loss ratio of 126% for April and 113% cumulative to date. Major Medical, 135% for April and 109% to date and a cumulative loss ratio to date of 111%. The prescription drug plan reflected a 100% loss ratio for April and 86% to date for the Paid Prescription program. (Exhibit A attached.)

6. APPEALS COMMITTEE. President Paretchan, Chairman, reported no appeals during the month of April.

7. OLD BUSINESS. Temporary Employees. Mr. Randall B. Smith, Executive Director, reported that the final enrollment period of April for temporary employees who had already established their eligibility but had failed to enroll at the mass enrollment sessions resulted in the enrollment figures shown. (Exhibit B attached.) These final enrollment figures should remain stable with the exception of approximately 1,000 paraprofessionals at the school district who would not be enrolled into the System until the fall and those temporary employees who have not yet attained their six-month eligibility.

8. NEW BUSINESS. None.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported the following:

   a. The Mayor's budget analyst responded to the Board's letter of response to the Mayor on the non-utilization of Trust fund monies to subsidize our 1981-82 budget. A compromise was arrived at whereby six positions were deleted from the budget in return for a $135,000 increase in ad valorem funding. The loss of six positions brings the department back to the complement of 34 positions with which we started the 1980-81 fiscal year. Four positions were deleted from the Claims Division and two from the Membership Division. The compromise enabled the Board to divorce itself from the concept of Trust fund subsidies to the budget. The budget will now be forwarded on to the Board of Supervisors.

9. EXECUTIVE DIRECTOR'S REPORT. (Continued)

b. The activity for change of plans for the first seven business days of May equals the number (486) filed during May 1978 when the Children's Hospital Health Plan was commenced. The attached Exhibit B reflects net changes with the two new plans naturally picking up members from existing plans.

c. The Ordinance to continue funding health benefits for temporary employees for the 1981-82 fiscal year was passed for first reading at the Board of Supervisors on May 11th. The only change was to add a provision which will not require employees who have a break in service of less than six months to re-establish their six-month's eligibility.

d. The Director of Property advised that the Mayor has approved the physical moves of several departments including the Health Service System in order to streamline the City permit process. A supplemental budget request has been submitted to fund the $90,000 annual rental at 590 Van Ness Avenue from ad valorem sources. If passed by the Board of Supervisors, it is expected that the Health Service could move as early as July 1st.

e. Jay Patterson, Registrar of Voters, advised that President Harry Paretchan received a plurality of votes in the Health Service Board election of April 27 to May 7, 1981. Commissioner Paretchan will serve a new five-year term of office commencing May 15, 1981.

10. There being no further business to come before the Board, the meeting was adjourned at 4:25 P.M.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT A

REPORT BY ACTUARY FOR MAY 12, 1981
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

) Experience under Basic Benefit for period July 1980 through April 1981

| | CONTRIBUTIONS | CLAIMS | CLAIMS RATIO FOR MONTH | CLAIMS RATIO CUMULATIVE |
|---|---|---|---|---|
| tive Employees | $ 2,385,637 | $ 2,597,670 | 126% | 109% |
| tired & Resigned | 1,046,045 | 1,134,345 | 120 | 108 |
| ult Dependents | 1,319,811 | 1,641,400 | 144 | 124 |
| nor Dependents | 655,906 | 721,576 | 101 | 110 |
| TOTAL | $ 5,407,399 | $ 6,094,991 | 126% | 113% |

) Experience under Major Medical for period July 1980 through April 1981

| | | | |
|---|---|---|---|
| $ 4,377,348 | $ 4,777,742 | 135% | 109% |

) Total Experience - Basic and Major Medical Benefit

| | | | |
|---|---|---|---|
| $ 9,784,747 | $10,872,733 | 130% | 111% |

) Prescription Drug Benefit

| | | | |
|---|---|---|---|
| $ 563,644 | $ 482,276 | 100% | 86% |

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6/9/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIFORNIA

TUESDAY - JUNE 9, 1981 - 4:00 P.M.

# A G E N D A

1. Call to Order

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Paretchan, Harry
   Hassing, Robert E. — Renne, Louise H.
   Toomey, Thomas A.

4. Minutes of Regular Meeting of May 12, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Harry Paretchan, Chairman

7. Old Business.

   Report on May Open Enrollment - R. Smith

8. New Business.

   Nomination and Election of President, Health Service Board as provided in Part I (A) - Rules and Regulations

9. Executive Director's Report.

Randall B. Smith
RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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#3
6/9/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JUNE 9, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Johnson, F. Walter |
| | Gaggero, Joseph A. | Paretchan, Harry |
| | Hassing, Robert E. | Toomey, Thomas |
| ABSENT: | Renne, Louise H. | |

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of May 12, 1981 as submitted.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., Actuary, reported a Basic loss ratio of 90% for the month and 112% cumulative for the year; Major Medical was 90% for the month and 107% cumulative; the overall loss ratio was 109%. The Prescription Drug Program showed a 135% loss ratio for the month with a 93% loss ratio to date. One claims roll did not get reported on the May claims expenditures because of data processing tape problems. (Exhibit A attached.)

6. APPEALS COMMITTEE. President Paretchan, Chairman, reported no appeals during the month of May, 1981.

7. OLD BUSINESS Mr. Randall B. Smith, Executive Director, reported the final total of Change of Enrollments during May 1981 was 2,400. This compares to total changes of just 1,208 in May 1980. Significant changes included the loss of 649 subscribers and 181 dependents from Plan I and the enrollment of 858 members and 586 dependents into the new Bay Pacific Health Plan; 351 subscribers and 96 dependents were enrolled in the French Hospital Health Plan. The statistical category of 'New Dependents' on Exhibit B attached refers to dependents being enrolled into the Health Service System who are not currently in the System.

8. NEW BUSINESS. Nominations for President. Commissioner Toomey nominated Commissioner F. Walter Johnson for President of the Health Service Board for fiscal year 1981-82 and it was seconded by Commissioner Hassing. There being no further nominations, nominations were closed.

   By unanimous motion, Commissioner Johnson was elected President to take office on July 14, 1981.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported the following:

a. Three CETA employees in the Health Service System will be laid off 6-30-81.

b. Ordinance extending Health Service System coverage to temporary employees for the 1981-82 fiscal year passed the Board of Supervisors with the amendment that employees with a break in paid status of more than six months must re-establish their eligibility for Health Service coverage.

c. Ordinance to make physical move of the System from 450 McAllister to 590 Van Ness will be before the Finance Committee on June 10, 1981.

d. Board of Supervisors hearing on the Health Service System budget will be on June 19, 1981.

e. Claims and Membership Divisions are functioning well, although Membership has a big workload to clean up from the annual May signup.

President Paretchan asked that the Membership Division be commended on behalf of the Board for their efforts during May.

Mr. Frank Lucibello introduced Mr. Jaykee Ford, the new President of the Retired Employees Association of the City and County of San Francisco.

10. There being no further business to come before the Board, the meeting adjourned at 4:25 P.M.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR JUNE 9, 1981
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

1) Experience under Basic Benefit for period July 1980 through May 1981

| | CONTRIBUTIONS | CLAIMS | CLAIMS RATIO FOR MONTH | CLAIMS RATIO CUMULATIVE |
|---|---|---|---|---|
| ive Employees | $ 2,621,277 | $2,809,908 | 90% | 107% |
| ired & Resigned | 1,145,476 | 1,217,112 | 83% | 106% |
| lt Dependents | 1,446,055 | 1,768,677 | 101% | 122% |
| or Dependents | 718,579 | 769,958 | 77% | 107% |
| TOTAL | $ 5,931,387 | $6,565,655 | 90% | 111% |

Experience under Major Medical for period July 1980 through May 1981

| | | | |
|---|---|---|---|
| $ 4,805,313 | $5,163,862 | 90% | 107% |

Total Experience - Basic and Major Medical Benefit

| | | | |
|---|---|---|---|
| $10,736,700 | $11,729,517 | 90% | 109% |

Prescription Drug Benefit

| | | | |
|---|---|---|---|
| $ 653,385 | $ 605,897 | 135% | 93% |

SF
H25
#2
7/14/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - JULY 14, 1981 - 4:00 P.M.

# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson F. Walter
Gaggero, Joseph A. Paretchan, Harry
Hassing, Robert E. Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of June 9, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Harry Paretchan, Chairman

7. Old Business.

8. New Business.

   a. 1981-82 Health Service Committee Assignments - President Johnson

   b. Report on Hospital Room and Board Rates

   c. Proposed move to 1212 Market Street

9. Executive Director's Report.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
7/14/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - JULY 14, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Johnson, F. Walter |
| | Gaggero, Joseph A. | Paretchan, Harry |
| | Hassing, Robert E. | Toomey, Thomas |
| ABSENT: | Renne, Louise H. | |

4. Motion was made by Commissioner Toomey and seconded by Commissioner Bernstein, to approve the minutes of the Regular Meeting of June 9, 1981 as submitted and the motion carried.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., Actuary, reported that Basic Benefits is relatively on target with the loss ratios at 96% for the month of June and at 109%, cumulative; however, the Major Medical loss ratio is running high at 132% for the month and 110% cumulative; the total experience in claims is deficient by about 4% or around $500,000 of what our charges should have been; he foresees an excess in claims over contributions throughout this fiscal year; more than was anticipated when the rates were projected in February; this he contributes to the escalation of hospital and physician costs and other medical charges. The Prescription Drug Program reflected a very good loss ratio at 84% for the month and 91%, cumulative. Exhibit 'A' attached.

6. APPEALS COMMITTEE. Commissioner Paretchan, Chairman, reported no appeals during the month of June, 1981.

7. OLD BUSINESS. None.

8. NEW BUSINESS.

   a. 1981-82 Health Service Board Committee Assignments. President Johnson asked the Board for their comments, suggestions or changes to his committee assignments shown on Exhibit 'B' attached. None were made.

   b. Hospital Room and Board Rates. Mr. Randall B. Smith, Executive Director, reported that in the future the Hospital Room and Board rates will be presented quarterly to the Board. The Rules of Coverage state that under Major Medical we will cover up to the average semi-private room rate of the ten (10) largest acute care hospitals in San Francisco as determined by annual survey.

8. NEW BUSINESS. (Continued)

On January 1, 1981, our maximum limit was increased to $252 per day. A survey was made on July 1, 1981, 6 months later, and the results reflect an average increase from $248 to $277 per day or a projected increase of about 22% annually. (Exhibit 'C' attached); Currently, Plan I pays $140 per day under Basic Benefits and covers 85% of the difference up to $252 per day under Major Medical for a semi-private room. Our coverage is considerably lower than the current survey rates, with the difference in cost being absorbed by our members. Mr. Smith requested a motion from the Board to increase the upper limit under Major Medical two (2) $14.00 increments or $28.00 to bring the upper limit to $280.00 per day for a semi-private room. Mr. Rael was in favor but cautioned the Board that the reserves would be eroded to cover this added benefit and also mentioned that this item would be considered in establishing rates for next fiscal year.

Motion was made by Commissioner Paretchan and seconded by Commissioner Bernstein to increase the Hospital Room and Board rate two (2) increments of $14 or to $280.00 and the motion duly passed.

c. Proposed move to 1212 Market Street. Mr. Smith told the Board that the proposed move to 590 Van Ness was not approved; and there is a proposal now to move to 1212 Market Street on the 2nd Floor and Mezzanine level, 5350 sq. ft., of which 4,400 are on the 2nd Floor and about 950 sq. ft. on the Mezzanine. Since one floor would be more functional, the 4,400 sq. ft would be 100 sq. ft. less than the area we now occupy, 4,500 sq. ft. Staff have been there and feel that the facility can be functional for Health Service System needs as long as approval is given for necessary alterations and the purchase of a vertical filing system costing approximately $20,000. Plans are to provide a central filing room with vertical files 8' high to consolidate the files in one place, thereby creating additional space for people. The vertical files are on rails and are mechanically moved. President Johnson suggested that staff look at the County Clerk's filing system.

Mr. Smith stated that the rent at 1212 Market Street, including janitorial and utilities, would be $3,562 per month, almost half the cost of rent at 590 Van Ness, $6,000 per month. The money for rent can only be appropriated on a yearly basis and it would come from General Fund monies in the initial year and then be incorporated within the budget and allocated to the various Funds on a pro-rata basis. He requested a motion from the Board to pursue the lease at 1212 Market Street on condition that the alterations and filing system are approved.

Question was brought up as to whether the request has been put in writing or whether there are any options, to which Mr. Smith answered that we have not had it in writing nor have we said that we would not move. This is the only viable option at present and if we do not want to move, another suitable location will have to be found. To the question as to who told us we had to move, Mr. Smith answered, the Director of Property and the Mayor's Office. Everything had been done to date verbally and by submitted legislation.

8. NEW BUSINESS. (Continued)

After much discussion, motion was made by Commissioner Bernstein to pursue the lease at 1212 Market Street upon receipt of a written notice from the proper authorities that we vacate these premises, specifying rental conditions and financial involvement acceptable to the Health Service System. Commissioner Paretchan seconded the motion and the motion carried.

To the question as to whether the Board will continue to meet at 450 McAllister, Mr. Smith answered that plans are to put in a meeting room on the Mezzanine level at 1212 Market Street.

9. EXECUTIVE DIRECTORS REPORT. Mr. Smith reported the following:

a. The Health Service System Budget set a $1,005,987 will have no further cuts by the Board of Supervisors than those made and passed by the Mayor.

b. A resolution was passed and adopted on July 13, 1981 to continue the Health Service Board pursuant to the Administrative Code Sections 2.90 and 2.91 requiring that all Boards and Commissions be reviewed by the Board of Supervisors every two years to determine whether they should be continued.

c. The new Consolidated Membership Status Report given to Board members reflects the current members in all five plans as of July 1, 1981. (Exhibit 'D' attached). Mr. Smith gave a breakdown as follows:

PLAN I - Lost over 700 members; however, with the enrollment of temporary subscribers, Plan I is back to where it was prior to implementation of Proposition D - a little over 15,200 subscribers. Had 27,221 and now have 26,128.

PLAN II - Had 36,777 and now have 36,445

PLAN III - Lost 341 total - Had 4,842 and now have 4,501

PLAN IV - 561 enrolled

PLAN V - 1,696 Enrolled

d. An item for discussion - the rate for employees enrolled in Medicare. Since the Federal law was passed two or three years ago allowing employees to continue working indefinitely after reaching age 65, the number of employees over 65 working has consistently increased. The total number over 65 who are now working is 190. Programmatically, the System has not had the ability to apply the medicare rate for active employees enrolled in Medicare. There is nothing by law that requires a reduction in rate for those individuals in this category; however, it is felt that it is an inequity in our rate structure.

The Charter provision, written for the retired enrolled in Medicare, states that their rate be reduced by the amount paid to Medicare. Since this is going to be an on-going problem, Mr. Smith asked the Board's guidance as to whether a time consumming programmatic remedy should be pursued.

9. EXECUTIVE DIRECTOR'S REPORT. (Continued)

It will presently only affect those individuals in Plans I, III and V. Plans II and IV will not be affected as they have the -0- rate.

Motion was made by Commissioner Paretchan to implement the program to reduce the rate of the active employees who are enrolled in Medicare to the proper rate. It was seconded by Commissioner Toomey and the motion carried.

10. There being no further business to come before the Board, the meeting was adjourned at 4:55 P.M.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT 'A'

REPORT BY ACTUARY FOR JULY 14, 1981
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience under Basic Benefit for period July 1980 through June 1981

| | | | CLAIMS RATIO | |
|---|---|---|---|---|
| | CONTRIBUTIONS | CLAIMS | FOR MONTH | CUMULATIVE |
| ive Employees | $ 2,955,250 | $3,061,258 | 75% | 104% |
| ired & Resigned | 1,240,699 | 1,341,322 | 130% | 108% |
| lt Dependents | 1,604,870 | 1,967,976 | 125% | 123% |
| or Dependents | 800,253 | 840,673 | 87% | 105% |
| TOTAL | $ 6,601,072 | $7,211,229 | 96% | 109% |

Experience under Major Medical for period July 1980 through July 1981

| | | | |
|---|---|---|---|
| $ 5,305,708 | $5,826,780 | 132% | 110% |

Total Experience - Basic and Major Medical Benefit

| | | | |
|---|---|---|---|
| $11,906,780 | $13,038,009 | 112% | 110% |

Prescription Drug Benefit

| | | | |
|---|---|---|---|
| $ 767,783 | 698,706 | 84% | 91% |

EXHIBIT 'B'

# HEALTH SERVICE BOARD COMMITTEE

1981-1982

## RATES COMMITTEE

Chair: Thomas A. Toomey
Harry Paretchan
Joseph A. Gaggero

## RULES COMMITTEE

Chair: Abraham Bernstein, M.D.
Joseph A. Gaggero
Harry Paretchan

## APPEALS COMMITTEE

Chair: Joseph A. Gaggero
Robert Hassing
Abraham Bernstein, M.D.

## BUDGET COMMITTEE

Chair: Harry Paretchan
Robert Hassing
Thomas Toomey

Appointed July 14, 1981 (Regular Meeting)
F. Walter Johnson, President
Ex-Officio member to all committees

EXHIBIT 'C'

SEMI-PRIVATE ROOM RATES

| HOSPITAL | DATE OF SURVEY 7/79 | 1/80 | 6/80 | 9/80 | 12/80 | 7/81 | Pct. increase Since 7/79 |
|---|---|---|---|---|---|---|---|
| Children's | 192 | 220 | 230 | 230 | 260 | 260 | 35% |
| French | 195 | 220 | 220 | 240 | 240 | 260 | 33% |
| Mt. Zion | 223 | 229 | 229 | 252 | 267 | 291 | 30% |
| Presbyterian | 210 | 210 | 228 | 228 | 250 | 270 | 28% |
| R. K. Davies | 190 | 215 | 215 | 215 | 215 | 260 | 36% |
| St. Francis | 200 | 230 | 245 | 260 | 260 | 285 | 42% |
| St. Luke's | 182 | 220 | 220 | 231 | 250 | 275 | 51% |
| St. Mary's | 229 | 229 | 265 | 265 | 269 | 299 | 30% |
| U. C. | 194 | 223 | 252 | 252 | 252 | 303 | 56% |
| Marshall Hale | - | 200 | 200 | 220 | 220 | 265 | 32% |
| St. Joseph's | 195 | - | - | - | - | - | - |
| Average | 201 | 220 | 230 | 239 | 248 | 277 | 37% |
| HSS Maximum covered | 196 | 224 | 224 | 224 | 252 | | |

EXHIBIT 'D'

REPORT HAA0507 HEALTH SERVICE SYSTEM

MEMBERSHIP STATUS COUNTS FOR THE CONSOLIDATED MASTER REPORT

CONSOLIDATED REPORT JUNE 30 1981 PAGE -1-

| MEMBERSHIP STATUS | PLAN 1 | PLAN 2 | PLAN 3 | PLAN 4 | PLAN 5 | TOTALS |
|---|---|---|---|---|---|---|
| EMPLOYEES | 8,258 | 12,887 | 2,272 | 380 | 876 | 24,673 |
| EMPLOYEES - MEDICARE | 100 | 67 | 14 | 2 | 7 | 190 |
| | 8,358* | 12,954* | 2,286* | 382* | 883* | 24,863* |
| RETIRED | 1,939 | 1,637 | 70 | 7 | 14 | 3,667 |
| RETIRED - MEDICARE | 3,847 | 2,094 | 88 | 15 | 13 | 6,057 |
| | 5,786* | 3,731* | 158* | 22* | 27* | 9,724* |
| RESIGNED | 9 | | | | 1 | 10 |
| RESIGNED - MEDICARE | 298 | 87 | 4 | 2 | | 391 |
| | 307* | 87* | 4* | 2* | 1* | 401* |
| ADULT DEPNS OF EMPLOYEES | 2,778 | 4,890 | 614 | 51 | 264 | 8,597 |
| ADULT DEPNS - MEDICARE | 80 | 54 | 6 | 2 | | 142 |
| | 2,858 | 4,944 | 620 | 53 | 264 | 8,739 |
| ADULT DEPNS OF RETIRED | 1,242* | 1,193* | 23* | 3* | 5* | 2,466* |
| ADULT DEPNS - MEDICARE | 792 | 587 | 15 | 2 | 4 | 1,400 |
| | 2,034* | 1,780* | 38* | 5* | 9* | 3,866* |
| ADULT DEPNS OF RESIGNED | 2 | 3 | | | | 5 |
| ADULT DEPNS - MEDICARE | 16 | 17 | | | | 33 |
| | 18* | 20* | * | * | * | 38* |
| MINOR DEPNS OF EMPLOYEES | 5,053* | 11,302* | 1,340* | 91* | 507* | 18,293* |
| MINOR DEPNS OF RETIRED | 800* | 1,175* | 41* | 4* | 2* | 2,022* |
| MINOR DEPNS OF RESIGNED | 1* | * | 1* | * | * | 2* |
| SURVIVING SPOUSE | 237 | 147 | 2 | | 1 | 387 |
| SURVIV. SPOUSE - MED | 579 | 186 | 11 | 2 | 2 | 780 |
| | 816* | 333* | 13* | 2* | 3* | 1,167* |
| DEPNS OF SURVIV. SPOUSE | 96 | 119 | | | | 215 |
| DEPNS OF SURV.SPOUSE-MED | 1 | | | | | 1 |
| | 97* | 119* | * | * | * | 216* |
| PLAN TOTALS | 26,128* | 36,445* | 4,501* | 561* | 1,696* | 69,331* |

| | SALARY | RELIGIOUS | DEPENDENTS | OTHER | TOTAL |
|---|---|---|---|---|---|
| EXEMPTED | 55 | 11 | 288 | 881 | 1,235* |

SF
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# 2
8/11/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - AUGUST 11, 1981 - 4:00 P.M.

# AGENDA

DOCUMENTS DEPT
JUL 1981
PUBLIC LIBRARY

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Paretchan, Harry
Hassing, Robert E. Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of July 14, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business.

Progress Report on 1212 Market Street Move.

8. New Business.

Presentation by Paid Prescriptions on Prescriptions-By-Mail Program - Ms. Beverly West

9. Executive Director's Report.

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
# 2
8/11/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - AUGUST 11, 1981 - 4:00 P.M.

# A G E N D A

DOCUMENTS DEPT.
JUN 7 1987
PUBLIC LIBRARY

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Paretchan, Harry
Hassing, Robert E. — Renne, Louise H.
Toomey, Thomas A.

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9. Executive Director's Report.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
8/11/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - AUGUST 11, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with Commissioner Paretchan, pro tempore, presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Paretchan, Harry
Toomey, Thomas A.

ABSENT: Hassing, Robert E.
Johnson, F. Walter - Vacation
Renne, Louise H. - excused

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Toomey, to approve the minutes of the Regular Meeting of July 14, 1981 as submitted and the motion carried.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., Actuary, reported that the claim statistics were not as good as anticipated; that for the month of July the loss ratio for Basic Benefits was 109%; Major Medical, 117%; and the cumulative, 113%. The prescription drug plan had a loss ratio of 108% for the month of July. (Exhibit attached)

Mr. Randall B. Smith, Executive Director, reported that this year as occurred last year, an unexpected condition resulted in a shortfall of revenues for July. This year's problem resulted from the fact that the May changes in plans and rates were not plated in on the timerolls by EDP. This resulted in double the usual number (8% to 16%) of transactions being thrown into a suspense account for manual reconciliation. Approximately $73,000 in Basic and Major Medical revenues are not reflected in July because of not matching out.

6. APPEALS COMMITTEE. Commissioner Gaggero, Chairman, reported no appeals during the month of July, 1981.

7. OLD BUSINESS. Mr. Smith reported that pursuant to the Board's request at the last meeting for written confirmation on the terms of the proposed move to 1212 Market Street, a letter was generated to the Mayor's Fiscal Deputy, Mr. Rudy Nothenberg, requesting confirmation of funding details for this fiscal year and beyond for the rental and alteration costs. An estimate for alterations of $55,000, including a $25,000 centralized filing system, has been provided. The Board deferred approval of the move until a response is received from the Mayor's office.

8. NEW BUSINESS. Ms. Beverly West, Paid Prescriptions' Representative, reported that Paid Prescriptions is creating a 48-hour turnaround mail order prescription service principally for use by individuals on maintenance drugs. The System would acquire cost savings on individuals who filled their prescriptions by mail and ordered a 90-day supply. The cost for the mail order prescriptions would be the average wholesale price of the drug with generic drugs being substituted according to law, plus an administrative fee of $1.25 per claim and a dispensing fee of $1.87 which includes postage costs. This compares with current plan costs of an average $3.45 dispensing fee plus administrative fee of $.55 per claim, or a total of $4.00 plus AWP.

It was brought out that this program would be most effective for individuals on maintenance drugs who could get their physicians to prescribe a 90-day supply of a generic drug. Commissioner Bernstein and Dr. James T. Fitzgerald, Medical Adviser, both commented that they would not prescribe a 90-day drug supply. This could be a problem for this type of program. Each individual on maintenance drugs who is filling his prescription for a 100 tablet or 34-day supply that could be converted to mail order, would save a minimum $8.88 for the plan and would save $8.00 in co-payments for the member, provided the deductible were not reduced.

Beverly West indicated that Paid Prescriptions is in the process of getting a computer printout of the individuals in Plan I who are on maintenance type drugs. Consideration of this service was deferred until the Commissioners could acquaint themselves with the informational packet provided by Paid Prescriptions and until the computer information is obtained.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported the following:

   a. There were only 420 claims in shop as of Friday, August 7; about a one day's claim backlog.

   b. The Port of San Francisco has created an independent payroll system from the City. An administrative agreement was concluded with the Port of San Francisco to provide for the payroll information and to transfer funds from the Port to the Health Service System for health coverage for their employees.

   c. Certificates of Deposit are currently earning 16.52% average yield. The cash flow is being carefully monitored to determine whether additional funds can be invested in CD's. During the last fiscal year, approximately $537,000 in interest was collected on a cash basis which represents a 10 3/4% return.

10. There being no further business to come before the Board, the meeting was adjourned at 4:50 P.M.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR AUGUST 11, 1981
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

1) Experience under Basic Benefit for July 1981

| | CONTRIBUTIONS | CLAIMS | FOR MONTH |
|---|---|---|---|
| ctive Employees | $ 228,767 | $ 246,556 | 108% |
| etired & Resigned | 107,093 | 97,592 | 91% |
| dult Dependents | 134,668 | 156,909 | 116% |
| inor Dependents | 56,828 | 72,340 | 127 |
| TOTAL | $ 527,386 | $ 573,397 | 109% |

2) Experience under Major Medical for period July 1981

| | | |
|---|---|---|
| $ 451,786 | $ 529,865 | 117% |

3) Total Experience - Basic and Major Medical Benefit

| | | |
|---|---|---|
| $ 979,172 | $1,103,262 | 113% |

4) Prescription Drug Benefit

| | | |
|---|---|---|
| $ 87,373 | $ 94,632 | 108% |

SF
H25
#2
9/8/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - SEPTEMBER 8, 1981 - 4:00 P.M.

DOCUMENTS DEPT.
SEP 10 1981

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Paretchan, Harry
Hassing, Robert E. Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of August 11, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business.

1212 Market Street Move.

8. New Business.

9. Executive Director's Report.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
9/8/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - SEPTEMBER 8, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Paretchan, Harry
Gaggero, Joseph A. Toomey, Thomas A.
Johnson, F. Walter

ABSENT: Hassing, Robert E. - absent
Renne, Louise H. - excused, Board of Supervisor's Meeting

4. Motion was made by Commissioner Toomey and seconded by Commissioner Paretchan, to approve the minutes of the Regular Meeting of August 11, 1981 as submitted and the motion carried.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., Actuary, reported the experience for the period July through August 1981, stating that the total loss ratios for both Basic Benefits and Major Medical were quite high and it appears that they will continue to be so because of the high inflationary trend in the medical field; the prescription drug plan, after a 91% loss ratio for the year, is experiencing a sharp increase in prescription costs and utilization with 108% in July and 118% in August. The monthly statistical report is attached.

Mr. Randall B. Smith, Executive Director, added that it should be remembered that the basic rates have a 15% subsidy built in for the first dependent and 15% for the family. Also, the overall loss ratio is 113% for the first two months of this year compared to 122% for last year. In addition, as documented in the copy of the article from the 9-3-81 San Francisco Examiner given to each Board member, medical costs have increased at a faster rate than inflation or of any components of the Consumer Price Index. Medical costs increased 12.6% for the first seven months of 1981 and for July 1981, they increased 1.3%, the highest since February 1980.

Commissioner Bernstein asked why the August 1981 claims for prescriptions were so high and whether retired employees were using more medication.

Mr. Smith replied that he had no specific reason for the surge in August claims and that the retired employees were utilizing the plan to a greater extent than the active employees. For the first two months of the fiscal year, active employees had a loss ratio of 109%; Retired-No Medicare, 113% and Retired-Medicare, 130%.

5. ACTUARIAL REPORT. (Continued)

Mr. Philip J. Kearney, former Executive Director, spoke from the floor advocating that the System try to get someone to take the risk on the drug plan; that the System has no control of the pouring fees, AWP, or how the claim is paid; that if someone else had the risk that problem would be their concern.

Mr. Smith agreed with Mr. Kearney's comments; however, he stated that it is extremely unlikely that someone will take the risk for the cost that we now allocate to prescription drugs; that any loss will be reflected in their renewal rates. If we can get someone to take the risk for the same cost that now exists, we should take advantage of the opportunity. We can accept bids on the program to see if anyone is willing to do it.

Commissioner Paretchan commented that others in the past, such as Phoenix Mutual and Blue Cross, have contracted with the System, lost a lot of money and remained for a number of years.

President Johnson directed Mr. Smith to explore the possibility of letting the risk on the prescription drug plan.

6. APPEALS COMMITTEE. Commissioner Gaggero, Chairman, reported no appeals during the month of August, 1981.

7. OLD BUSINESS. 1212 Market Street. Mr. Smith reported that he still did not have a response from the Mayor's office and that he felt that the Board should defer any decision until we get a response to our letter on the conditions of the move. The Board agreed.

8. NEW BUSINESS. None.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported the following:

   a. 518 claims in shop as of this date. Claims Division was functioning well; however, there is a backlog in the Membership Division because of budget reductions which resulted in the loss of three positions in that Division. A temporary receptionist had to be let go because she was not doing an effective job. A new receptionist, who comes recommended from CETA, is starting September 10, 1981.

   b. Received a call from Maury Watts of Blue Cross, who told him that the Classroom Teachers' Association has asked him to submit a proposal to them for presentation during collective bargaining talks on a new contract with SFUSD. Mr. Smith stated that he would keep the Board informed if anything develops on this front. Mr. Smith explained to questions raised on the ramification of a Blue Cross Plan; that SFUSD employees would either have to get an exemption from the Health Service System to join Blue Cross or that the SFUSD would have to pull entirely out of the Health Service System since Blue Cross does not want to compete with the City plan based on a past history of loss experiences.

9. EXECUTIVE DIRECTOR'S REPORT. (Continued)

c. The Annual Report to the Mayor is currently being worked on and is due September 15th. A copy of the report will be sent to each Board member.

d. The Mayor has asked Commissioner Hassing to remain on until a successor can be found.

10. There being no further business to come before the Board, the meeting adjourned at 4:35 P.M.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR SEPTEMBER 8, 1981
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through August 1981

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 489,372 | $ 505,562 | 99% | 103% |
| Retired & Resigned | 233,779 | 224,674 | 100% | 96% |
| Adult Dependents | 287,472 | 363,675 | 135% | 127% |
| Minor Dependents | 121,201 | 172,223 | 155% | 142% |
| TOTAL | $ 1,131,824 | $1,266,134 | 115% | 112% |
| (2) Major Medical | $ 957,924 | $1,098,974 | 112% | 115% |
| (3) Total Experience - Basic and Major Medical Benefit | $ 2,089,748 | $2,365,108 | 114% | 113% |
| (4) Prescription Drug Benefit | $ 185,616 | $ 218,456 | 126% | 118% |

SF
H25
#2
10/13/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - OCTOBER 13, 1981 - 4:00 P.M.

# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Paretchan, Harry
Hassing, Robert E. Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of September 8, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman

   a. Chiung Fu Lee - Request for Health Service Coverage of Medical Bills.

   b. Raymond S. Davis - HSS #85694 - Plan II
   Request to change Health Plans.

7. Old Business.

   Move to 1212 Market Street

8. New Business.

   a. Quarterly Hospital Room and Board Survey - R. Smith

   b. Resolution of Commendation for Robert E. Hassing - F. Walter Johnson

9. Executive Director's Report.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
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#3
10/13/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 805, SAN FRANCISCO, CA 94102

TUESDAY - OCTOBER 13, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Toomey, Thomas A.

ABSENT: Hassing, Robert E. - excused
Paretchan, Harry - vacation
Renne, Louise H. - excused

4. Motion was made by Commissioner Toomey and seconded by Commissioner Bernstein, to approve the minutes of the Regular Meeting of September 8, 1981 as submitted and the motion carried.

5. ACTUARIAL REPORT. Michael Clark of Rael & Letson reported that the experience for the period of July to September reflected a basic loss ratio of 109%; major medical loss ratio of 113%, and an overall ratio of 111%. The prescription drug plan has a loss ratio of 110% year to date. (Exhibit "A" attached)

6. APPEALS COMMITTEE. Commissioner Gaggero reported that a decision on the appeal of Raymond Davis had been deferred to gather additional needed information.

The appeal of Chiung Fu Lee has been put over to November at the request of Local 400.

7. OLD BUSINESS. Mr. Smith reported that a letter had been received from Rudy Nothenberg in response to his letter asking for clarification on the financial arrangements for the 1212 Market Street move. The consensus of the Board was that the letter was too ambiguous in its statement about future funding conditions. Mr. Smith requested a motion to submit the supplemental appropriation for rent and alterations subject to withdrawal if a satisfactory clarification of future funding is not obtained. He stated it was necessary to start the submission because of the amount of time it takes to go through the supplemental process. Commissioner Bernstein made a motion to submit the supplemental appropriation subject to withdrawal if a satisfactory response to future funding is not obtained. Seconded by Commissioner Gaggero and duly passed.

8. NEW BUSINESS. Mr. Smith submitted the quarterly report on Hospital Room and Board charges. It reflected only one increase since July 1, 1981 and that was the rate change of Children's Hospital from $260 to $285 for a semiprivate room. Survey is attached as exhibit B.

8. NEW BUSINESS. (Continued)

President Johnson read into the record a Resolution of Commendation to Commissioner Robert E. Hassing who has resigned his seat on the Board. A copy of the text of the resolution is attached as exhibit C.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported the following:

a. The annual Report was submitted on time to the Mayor on September 15th with a copy to all Board Members.

b. The SFUSD signed a two year contract with Classroom Teachers Association which provides for continued health coverage through the Health Service System. The contractor for their dental plan has been changed to California Dental Service from the previous contractor, AETNA.

c. There were 870 claims outstanding as of October 13, 1981 which represents about 1½ days claims backlog. Claims Division is functioning well. The Membership Division is still laboring under the increased work caused by data processing failure to enter the proper rates during the fiscal year changeover. The revenue shortfall to all plans should be resolved during October and November. The shortfall was caused by the same problem.

d. The survey of the ten most populous counties to determine the City contribution for health coverage for the 1982-83 fiscal year will be mailed this month.

e. The bids on the prescription drug plan which the Board requested be obtained to explore the feasibility of letting the risk, should be in by the November meeting. Bids will probably be received from 7 to 8 companies. The only current bid in hand is from California Life at $8.40 composite rate which compares to the current $6.29 rate we are charging.

f. The Annual Meeting in January, 1982 is coming up soon. Mr. Smith asked the Board if they wanted to set a date at this time. The Board decided on Thursday, January 21, 1982.

10. There being no further business, the meeting was adjourned at 4:35 PM.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR OCTOBER 13, 1981
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through September 1981

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 729,909 | $ 730,590 | 94% | 100% |
| Retired & Resigned | 347,965 | 365,949 | 124% | 105% |
| Adult Dependents | 428,326 | 498,301 | 96% | 116% |
| Minor Dependents | 181,053 | 238,391 | 102% | 132% |
| TOTAL | $ 1,687,253 | $1,833,231 | 102% | 109% |
| (2) Major Medical | $ 1,446,110 | $1,632,864 | 109% | 113% |
| (3) Total Experience - Basic and Major Medical Benefit | $ 3,133,363 | $3,466,095 | 105% | 111% |
| (4) Prescription Drug Benefit | $ 281,371 | $ 310,692 | 96% | 110% |

EXHIBIT "B"

## SEMI-PRIVATE ROOM RATES

| HOSPITAL | 7/79 | 1/80 | 6/80 | 9/80 | 12/80 | 7/81 | 10/81 | Pct. Incr. Since 7/79 |
|---|---|---|---|---|---|---|---|---|
| Children's | 192 | 220 | 230 | 230 | 260 | 260 | 285 | 48% |
| French | 195 | 220 | 220 | 240 | 240 | 260 | 260 | 33% |
| Mt. Zion | 223 | 229 | 229 | 252 | 267 | 291 | 291 | 30% |
| Presbyterian | 210 | 210 | 228 | 228 | 250 | 270 | 270 | 28% |
| R. K. Davies | 190 | 215 | 215 | 215 | 215 | 260 | 260 | 36% |
| St. Francis | 200 | 230 | 245 | 260 | 260 | 285 | 285 | 42% |
| St. Luke's | 182 | 220 | 220 | 231 | 250 | 275 | 275 | 51% |
| St. Mary's | 229 | 229 | 265 | 265 | 269 | 299 | 299 | 30% |
| U. C. | 194 | 223 | 252 | 252 | 252 | 303 | 303 | 56% |
| Marshall Hale | - | 200 | 200 | 220 | 220 | 265 | 265 | 32% |
| Average | 201 | 220 | 230 | 239 | 248 | 277 | 279 | 39% |
| HSS Maximum Covered | 196 | 224 | 224 | 224 | 252 | 280 | | |

RESOLUTION

WHEREAS, Robert E. Hassing has tendered his resignation as Commissioner of the Health Service System of the City and County of San Francisco; and

WHEREAS, he has denoted generously of his time and expertise in the field of insurance on behalf of City Employees; and

WHEREAS, Robert E. Hassing is deserving of the highest commendation and praise for his eleven years of dedicated and professional service to the Health Service Board; NOW

THEREFORE, BE IT RESOLVED, that the Health Service Board extends its profound thanks and appreciation to Robert E. Hassing for his outstanding service as a Commissioner on the Health Service Board; and

BE IT FURTHER RESOLVED, that the members of the Health Service Board, the Executive Director and Staff of the Health Service System commend Robert E. Hassing for a civic service well done and wish him every success in his business and future endeavors.

This resolution was adopted by the Health Service Board on the thirteenth day of October, in the year One Thousand Nine Hundred and Eighty-One.

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#2
11/10/81

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 805, SAN FRANCISCO, CA 94102

TUESDAY - NOVEMBER 10, 1981 - 4:00 P.M.

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# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Paretchan, Harry
Hassing, Robert E. Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of October 13, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman

   a. Chiung Fu Lee - Request for Health Service Coverage of Medical Bills.

   b. Raymond S. Davis - HSS #85694 - Plan II
   Request to change Health Plans.

7. Old Business

   a. Status of 1212 Market Street move

   b. Prescription drug plan bids

   c. Status of Prescriptions-By-Mail

8. New Business.

   a. Status report on survey of ten most populous counties.

9. Executive Director's Report.

MARSHALL B. KAPP
EXECUTIVE DIRECTOR

Dist. 10/

SF
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#3
11/10/81

DOCUMENTS DEPT.

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - NOVEMBER 10, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Johnson, F. Walter
Paretchan, Harry
Toomey, Thomas A.

ABSENT : Hassing, Robert E.
Renne, Louise H. - excused

4. Motion was made by Commissioner Paretchan and seconded by Commissioner Toomey, to approve the minutes of the Regular Meeting of October 13, 1981 as submitted and the motion carried.

5. ACTUARIAL REPORT. Mr. Rael reported Basic Benefits at 120% for the month and 112% year to date, Major Medical at 122% for the month and 115% for year to date and an overall loss ratio of 113% year to date. Mr. Rael added that although there will be an extra biweekly pay period in December and June, he expected the rates to be inadequate. Tremendous losses are also being felt throughout Northern California and with other groups that they are associated with. Prescription drug plan was at 106% for month and 109% year to date; down 1% overall from last month. (Exhibit A attached)

Mr. Smith added that if the rate subsidy was factored in to Basic Benefits we would be at 105% instead of 112%. Major Medical has no subsidy built in so that the 115% loss ratio is all unanticipated loss. Last year through October we had a 110% loss ratio compared to 113% this year.

Commissioner Paretchan asked Mr. Rael to recap how the Basic Benefit rates were set. Mr. Rael stated that the active and retired & resigned were projected at 100% and the adult and minor dependents at 115% using the interest earned on certificated deposits to fund the loss. When you take a composite loss ratio it approximates about 106%.

6. APPEALS COMMITTEE. Commissioner Gaggero reported that the recommendation of the Appeals Committee on Mr. Chiung Fu Lee was to deny 3-0, however, Eunice Elton, MOET Director has requested an appeal of that recommendation to the full Board in behalf of Mr. Lee. This appeal will be calendared at the next Board Meeting.

The Appeals Committee recommendation on Raymond Davis' appeal to change health plan is to deny 3-0.

Commissioner Toomey made the motion to adopt the recommendation of the Appeals Committee to deny Mr. Davis' request to change health plans. Commissioner Bernstein seconded the motion. The motion passed unanimously.

7. OLD BUSINESS.

A. 1212 Market Street Move - Mr. Smith made note of a memorandum from Steve Nelson, Budget Analyst, Mayor's Office, a copy of which was distributed to each member, clarifying Rudy Nothenberg's letter of September 14, 1981 on the financial arrangements for the 1212 Market Street move. The letter and memorandum indicate that there will be no reduction in General Fund monies because of the General Fund obligation for rent. Mr. Smith also stated that the supplemental for rent and alteration monies had been returned because the Controller wanted the centralized filing system budgeted as equipment and not part of the alteration cost. It was subsequently learned that an additional $15,200 would be needed for mechanical and electrical improvements. The completed supplemental is being resubmitted. The consensus of the Board was to accept the Memorandum as clarifying the financial arrangements for future budget years.

B. Prescription Drug Bids - Mr. Smith reported that with the assistance of Mr. Estes a number of bids had been received pursuant to the Board's request to investigate the cost of letting the risk on the drug plan. The bids ranged from $7.64 to $8.80 (Exhibit B attached). Mr. Smith stated that we were currently funding the drug plan at a composite rate of $6.29 and that the plan was currently costing us $6.69 per contributor. He felt that it was not beneficial to let the risk for $1.35 more per contributor because we would have to divert funds from medical contributions or reserves of the System to pay the extra premium cost. In addition, we were taking the risk on a $13 million medical plan and the prescription drug plan runs only $1.3 million per year. It doesn't seem prudent to let the risk on a program only 10% the size of our self funded medical plan. The Board also has the perogative of looking at the situation later in the fiscal year when more experience is available.

Commissioner Paretchan asked Mr. Rael's view on letting the risk. Mr. Rael responded that he agreed with Mr. Smith's view on this matter. That the prescription drug cost is fairly predictable.

A motion was made and duly passed to table any action at this time.

C. Prescriptions-By-Mail - Mr. Smith presented a projection of cost savings which could be generated based on the computer data generated by Paid Prescriptions (Exhibit C) and asked the Board for direction as to whether further program specifics should be pursued.

Discussion followed the presentation: Commissioner Bernstein felt that individuals who are on maintenance drugs are older people who would be indangered by large amounts of drugs around. He also felt that most doctors would not prescribe a 90-day supply.

Mr. Lucibello of the Retired Employees Association spoke from the floor indicating that he thought the program would be beneficial to the retirees, however, he admitted that Commissioner Bernstein was probably right that most doctors would not write a 90-day prescription.

Commissioner Paretchan felt that if a 90-day supply were prescribed an individual could go to their local pharmacist to get the prescription filled.

Commissioner Gaggero felt that sometimes pharmacists use their discretion to both deny an individual a 90-day supply of a prescribed drug because of professional concerns and also to continue their ability to bill for a 34 days supply each month to collect the additional pouring fees.

C. Prescriptions-By-Mail. (Continued)

A motion was made by Commissioner Bernstein and seconded by Commissioner Toomey to continue the prescription drug program as it currently exists. The motion was passed 4 ayes and 1 no vote.

8. NEW BUSINESS.

Status Report on Survey of Ten Most Populous Counties - Mr. Smith reported that three counties had returned the survey and that the current average was $57.19 or about an 18% increase over the current year. He didn't expect that rate to hold up over ten counties.

Proposed Charter Amendments - President Johnson brought to the attention of the Board the fact that December 14, 1981 is the last day for introduction by a Supervisor of proposed Charter Amendments for the June, 1982 ballot. He asked the Board their inclination toward a Charter amendment providing a dental plan for City employees. The Board was favorably disposed. A motion was made and duly passed directing that a Charter amendment be prepared. The amendment will be presented at the December meeting for discussion and action. Employee organizations would be contacted relative to their comments on the proposal.

Commissioner Paretchan brought up the fact that the Board had been proposing an amendment for some time which would continue the City subsidy for surviving spouses of City employees. A motion was made and duly passed directing that a Charter amendment be prepared and presented for discussion and action at the December Board Meeting.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported the following:

a. Receipt of letter from Clerk of the Board acknowledging the reservation of the Supervisor's Committee Room on Thursday, January 21, 1982 for the annual Health Service Board Meeting.

b. 812 claims or about 1½ days backlog are on hand as of November 9, 1981.

c. Membership Division still experiencing data processing problems contributing to revenue shortfall. He stated that he would be coming to the Board in future months with recommendations to put the Health Service System data processing function on line to provide more efficiency and less cost proliferation.

d. The agreement with the Public Employees Retirement System is concluded to start medical contribution deductions for retirees of that system starting January, 1982.

e. Still working with School district on a Memorandum of Understanding for their TAPPS Payroll/Personnel System which is supposedly to start January 1st although there are doubts this will occur among the agencies of City government dealing with the school district.

f. The programmatic change approved at the July Board Meeting which would give active employees in Medicare the same rate as their retired counterparts will be ready for the July 1, 1982 rate change.

g. Certificates of Deposit are currently earning 16.71% as of October 31, 1981 although their rate was expected to drop as the prime rate drops.

10. There being no further business, the meeting was adjourned at 5:00 PM.

Respectfully submitted:
Randall B. Smith
RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR NOVEMBER 10, 1981
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through October 1981

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 967,545 | $ 989,108 | 108% | 102% |
| Retired & Resigned | 460,862 | 482,185 | 105% | 105% |
| Adult Dependents | 566,445 | 693,882 | 142% | 122% |
| Minor Dependents | 240,061 | 327,219 | 151% | 136% |
| TOTAL | $2,234,913 | $2,492,394 | 120% | 112% |
| (2) Major Medical | $1,922,335 | $2,212,955 | 122% | 115% |
| (3) Total Experience - Basic and Major Medical Benefit | $4,157,248 | $4,705,349 | 121% | 113% |
| (4) Prescription Drug Benefit | $ 373,585 | $ 408,000 | 106% | 109% |

Item 7B DRUG BIDS

| | |
|---|---|
| TRAVELERS | $ 8.80 |
| EQUITABLE | Declined To Quote |
| UNITED BENEFIT LIFE (MUTUAL OF OMAHA) | $ 7.78 |
| OCCIDENTAL LIFE | Declined To Quote |
| CROWN LIFE | Declined To Quote |
| CALIFORNIA LIFE | $ 8.40 |
| AETNA | $ 7.64 |

Item 7c Prescriptions-By-Mail

Paid has made a run of our members who filled prescriptions between 7/1/81 and 9/30/81 to determine which members would qualify as maintenance drug users during this period of time.

The information reveals that there were 1,996 different cardholders, 7,201 claims and an average drug supply of 26 days.

If we projected 100% participation (highly unlikely) by these 1,996 cardholders we would project the following annual savings:

| Currently Paying | By Mail |
|---|---|
| 7,201 claims | 2,400 |
| $ 4.00 average pouring fee plus adm. fee | $ 3.12 |
| 28,804 3 months cost | 7,488 for 3 months |
| 4 | 4 |
| $115,216 yearly cost | $29,952 yearly cost |

$115,216
29,952
$ 85,264 Annual Cost Savings at 100% participation

There would be some additional savings for drug costs depending on the number of generic substitutions filled. Paid projected annual savings of $27,500 based on a 15% total of monthly prescriptions being maintenance type drugs.

$85,264
27,500
$112,764 total savings at 100% participation

ADVANTAGES OF PROGRAM

1. Savings of $32.00 per year per 90 day prescription to member if retain $4.00 deductible.
2. Reduced Administration expenses.
3. Convenience for those members unable to go to the pharmacy, as their prescriptions are delivered to their home by mail.
4. A notice showing the number of times their prescription may be refilled.
5. Additional savings in the Average Wholesale Price (AWP) of the medication by having the Doctor prescribe a generic drug.
6. Identification of maintenance drug users.

DISADVANTAGES OF PROGRAM

1. Program will not be successful if maintenance drug users do not utilize the service.

2. Doctors may be reluctant to prescribe a 90-day supply of a drug.

3. There is a minimum of 5 day turnaround time with mail and filling time required.

4. A nominal postage cost in light of potential savings to communicate with maintenance drug users.

5. If successful, program may cause conflict with pharmacists who have a number of customers taken from them.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - DECEMBER 8, 1981 - 4:00 P.M.

# A G E N D A

DOCUMENTS DEPT.
1981

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Paretchan, Harry
Hassing, Robert E. — Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of November 10, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman

   a. Chiung Fu Lee - Appeal to full Board of Appeals Committee Recommendation to deny retroactive Plan I membership.

   b. Robert J. Brady - HSS #76135 - Plan II
   Request to Change Health Plan.

   c. William James - HSS #56893 - Plan II
   Request to Change Health Plan.

7. Old Business

   a. Status of 1212 Market Street Move

   b. Certification of Average Contribution of Ten Most Populous Counties for 1982-83 Fiscal Year

8. New Business

   a. Proposed Charter Amendment to provide funding for a dental plan.

   b. Proposed Charter Amendment to provide for continuation of City subsidy for surviving spouses.

9. Executive Director's Report

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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#3
12/8/81

DOCUMENTS DEPT.

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY, DECEMBER 8, 1981 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Johnson, F. Walter
Paretchan, Harry
Toomey, Thomas A.

ABSENT : Hassing, Robert E. - excused
Renne, Louise H. - - excused

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Toomey, to approve the minutes of the Regular Meeting of November 10, 1981 as submitted and the motion carried.

5. ACTUARIAL REPORT. Mr. Charles R. Grunsky, representative of Rael & Letson presented the statistical report through November, 1981 reflecting the overall loss ratio for the month of 105% with a year to date loss ratio of 109% Basic Benefits, 117% Major Medical Benefits and 113% overall. The Prescription Drug benefit reflected a year to date loss ratio of 113% and 129% for the month of November.

Mr. Smith added that the drug benefit expenditures were greater than normal during November because of the processing cycle of Paid Prescriptions. Four months out of the fiscal year will reflect higher than normal expenditures because of extra processing days. (Actuarial Report Exhibit A attached.)

6. APPEALS COMMITTEE: Commissioner Gaggero reported the following:

a) Chiung Fu Lee had requested an appeal to the full Board of the recommendation to deny retroactive Plan I membership by the Appeals Committee. Eunice Elton, Director of MOET, was present representing Mr. Lee on his appeal. Miss Elton stated that Mr. Lee had indicated that he wanted to belong to the City health plan on the initial survey cards that were sent out by the Employee Relations Division in November, 1980. She agreed that MOET had made an error in not processing Mr. Lee for enrollment at the proper time, but she felt that her department was acting as an agent of the Health Service System and therefore, Mr. Lee should be granted retroactive membership.

The Board's consensus was that the Health Service had fulfilled its responsibility in disseminating the proper procedures for enrolling temporary employees. The Board felt that it was not appropriate for the System to pay for medical bills for

6. APPEALS COMMITTEE. (continued)

an individual who was not enrolled in the plan. Any responsibility in this case should be the City department's and that any monies paid to Mr. Lee should come totally from City funds and not Trust fund monies.

Commissioner Gaggero made a motion to adopt the recommendation of denial and Commissioner Paretchan seconded the motion and it was duly passed.

b) Robert J. Brady has requested that his appeal be deferred until the January Appeals Committee meeting.

c) William James appeal to change health plans is submitted with a recommendation of denial from the Appeals Committee. The Committee felt that it was not the system's responsibility to assume the incurred costs of Mr. James' wife who he had admitted to U.C. Hospital against the advice of the Kaiser Health Plan to which she belonged.

Commissioner Paretchan made a motion to adopt the recommendation of denial and Commissioner Gaggero seconded it and it was duly passed.

7. OLD BUSINESS.

a) 1212 Market Street Move. - Mr. Smith reported the supplemental amount of $92,572 was still being held in the Mayor's Office and the current status is that the move may be deferred or cancelled altogether. At this time no definite word is available one way or another. However, the Civil Service staff is suppose to move out of 450 McAllister during this week.

b) Certification of Average Contribution of Ten Most Populous Counties for 1982-83 Fiscal Year. - Mr. Smith referred to a letter given to each Board member reflecting the results of the annual survey of the ten most populous counties pursuant to Charter section 8.423. (Exhibit B attached) The average rate of contribution for the employee only is currently $55.23 per month.

Mr. Smith stated that the ten most populous counties all provide a dental plan for their employees and all contribute towards the cost of dependents medical care.

Motion by Commissioner Paretchan and seconded by Commissioner Gaggero that a Resolution be prepared and forwarded to the Board of Supervisors certifying the amount of $55.23 per month as the average contribution to be contributed by the City and County of San Francisco for 1982-83. There being no objections, it was so ordered.

8. NEW BUSINESS.

a) Proposed Charter Amendment to provide funding for a dental plan. - Mr. Smith stated that the Health Service Board, knowing that it is within its province to determine if a dental plan should be provided to city employees, requested at the November, 1981 Board meeting that he work with the City Attorneys office in drafting a proposed Charter amendment which would provide the funding necessary for an employee's dental plan. The proposed charter amendment would allow the inclusion of the average contribution for dental care for the employee only of the ten most

8. NEW BUSINESS. (continued)

populous counties. It would exclude any employee whose compensation provides for a dental benefit from any source other than the Health Service System. The Charter amendment, if passed, will be effective July 1, 1983.

The projected cost is approximately $2,000,000 for active employees and $1.2 million for retired employees or $3.2 million a year. Exhibit 'C' attached reflects the proposed text of the Charter amendment.

Mr. Smith read into the record letters from the following employee organizations supportive of putting a Charter amendment on the ballot to provide a dental plan: The Union of American Physicians and Dentists, the Municipal Architectural Employees Association, the San Francisco Police Officers' Association, the San Francisco Veterans Police Officers Association and the California Retired Teachers Association, San Francisco Division.

Commissioner Toomey went over the proposed language of the charter amendment and recommended that the wording "and optical care" be deleted as this would suggest that employees were asking for two benefits and the fact that any vision care costs are already incorporated into the existing health plan rates. Commissioner Bernstein made a motion to delete the wording "and optical care." Commissioner Gaggero seconded the motion and it was duly passed. (Exhibit 'C' - Proposed Charter Amendment)

b) Proposed Charter Amendment Providing for Contribution of City Subsidy for Surviving Spouses of Active and Retired Employees. - The amendment to Charter Section 8.428(c) would provide for continuation of the City contribution for health benefits to surviving spouses of active and retired City, School District and Community College District employees who are members of the Health Service System.

The proposed Charter amendment would carry a projected cost of $579,000 per year at current rates of contribution. If passed by the electorate, it would be effective July 1, 1983. (Exhibit 'D' - Proposed Charter amendment)

Representatives from Automotive Machinists, Lodge 1305, Local 400, Local 535 and Local 21 spoke in favor of the Charter amendment for funding of a dental plan. The Retired Teachers Association representative spoke in favor of both Charter amendments.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported that as of December 7, 1981, the Claims Division was functioning well and that 480 claims were outstanding. The Membership Division's problems with revenue shortfall seem to be resolved and the division is also functioning well.

10. There being no further business, the meeting was adjourned at 4:55 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR DECEMBER 8, 1981

MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through November 1981

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 1,203,598 | $ 1,241,947 | 107% | 103% |
| Retired & Resigned | 571,411 | 578,379 | 87% | 101% |
| Adult Dependents | 703,141 | 832,436 | 101% | 118% |
| Minor Dependents | 298,878 | 398,954 | 121% | 133% |
| TOTAL | $ 2,777,028 | $ 3,051,716 | 103% | 109% |
| (2) Major Medical | $ 2,391,782 | $ 2,804,828 | 126% | 117% |
| (3) Total Experience - Basic and Major Medical Benefit | $ 5,168,810 | $ 5,856,544 | 105% | 113% |
| (4) Prescription Drug Benefit | $ 464,415 | $ 525,733 | 129% | 113% |

EXHIBIT 'B'

# HEALTH SERVICE SYSTEM

CITY AND COUNTY OF SAN FRANCISCO

TELEPHONES
Administration 558-3701
Claims 558-4761
Membership 558-4322

450 McALLISTER STREET
SAN FRANCISCO, CALIFORNIA 94102

December 8, 1981

RANDALL B. SMITH
Executive Director

Health Service Board
City and County of San Francisco
450 McAllister Street, Room 501
San Francisco, CA 94102

Members:

In compliance with Charter sections 8.423 and 8.428 as amended, this office contacted the Department of Finance, State of California (the department charged with keeping census figures) to secure officially the ten most populous counties in the State exclusive of the City and County of San Francisco.

A letter with attached questionnaire was directed (certified mail) to each of these ten counties to determine primarily what each county was contributing monthly for its employees' medical coverage exclusive of dental and optical. The following are the results:

| | County | Population | Amount Contributed Monthly by County |
|---|---|---|---|
| 1. | Los Angeles | 7,522,403 | $ 56.37 |
| 2. | Orange | 1,972,722 | 70.53 |
| 3. | San Diego | 1,899,947 | 51.85 |
| 4. | Santa Clara | 1,309,489 | 59.13 |
| 5. | Alameda | 1,112,363 | 48.00 |
| 6. | San Bernardino | 926,140 | 48.42 |
| 7. | Sacramento | 797,740 | 51.16 |
| 8. | Riverside | 691,138 | 64.28 |
| 9. | Contra Costa | 656,490 | 46.59 |
| 10. | San Mateo | 590,226 | 56.00 |
| | | | $552.33 |

This $552.33 figure divided by 10 gives us $55.23 which is the average amount paid by the 10 most populous counties and therefore the average contribution to be certified to the Board of Supervisors pursuant to 8.423 of the Charter. Charter section 8.428 provides that the City contribute (100%) of this figure each month for each eligible employee commencing July 1, 1982.

The counties will be surveyed yearly to determine the amount required for subsequent years.

Respectfully submitted,

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

RBS:map

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1/12/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - JANUARY 12, 1982 - 4:00 P.M.

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# AGENDA

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Paretchan, Harry
   Hassing, Robert E. — Renne, Louise H.
   Toomey, Thomas A.

4. Minutes of Regular Meeting of December 8, 1981, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman
   a. Robert J. Brady - HSS #76135 - Plan II
      Request to Change Health Plan

7. Old Business
   a. Status of 1212 Market Street Move

8. New Business
   a. Quarterly Report on Hospital Room and Board Rates
   b. Schedule Rate Committee Meetings

9. Executive Director's Report

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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1/12/82

Documents

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY, JANUARY 12, 1982 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Paretchan, Harry
Hassing, Robert E. Renne, Louise H.
Toomey, Thomas A.

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Gaggero, to approve the minutes of the Regular Meeting of December 8, 1981 as submitted and the motion carried.

5. ACTUARIAL REPORT. Mr. Rael reported that basic benefits were 79% for the month of December, 88% for major medical. There was a 104% loss ratio cummulative Basic Benefits and 112% major medical. This was a three biweekly pay period month. The total cummulative loss ratio is 107% year to date. He remarked that the active and retired/resigned basic rates were a little less than 100% which is where they are projected and the adult dependents were at 114% which was projected at 115% which provides verification of the accuracy of these rates. The minor dependents loss ratio of 127% is way over our projections of 115%. He stated that the claim costs exceed contributions by about $250,000 in excess of subsidies for the first six months. The prescription drug benefit was at 108% year to date and will require an increase in contribution next year to offset the loss and build a reserve. (Actuarial Report Exhibit 'A' attached).

6. APPEALS COMMITTEE. Commissioner Gaggero reported that Mr. Robert Brady has withdrawn his appeal.

7. OLD BUSINESS.

   a. 1212 Market Street Move. - Mr. Smith reported that the move was again on and that the supplemental was approved by the Mayor and has been forwarded to the Board of Supervisors. It should appear on the Finance Committee calendar of January 20th. The City is anxious to move us out of 450 McAllister by April 1st.

8. NEW BUSINESS.

   a. Hospital Room and Board Survey. - Mr. Smith reported the quarterly survey of hospital room and board rates (Exhibit 'B' attached) reflected significant increases after the October, 1981 survey which showed only one hospital with a

8. NEW BUSINESS. (cont'd.)

rate change since July 1st. He urged the Board to increase the maximum for major medical room and board coverage by another $14 retroactive to January 1, 1982. Commissioner Paretchan made the motion and it was seconded by Commissioner Bernstein. It was duly passed.

b. Rate Committee. - Commissioner Toomey announced that there would be a rate committee meeting on Monday, January 25, 1982 at 9:15 A.M. in Room 605.

Mr. Smith added relative to rates that Medicare has increased the hospital inpatient deductible from $204 to $260 and the outpatient deductible from $60 to $75 effective January 1. Plan I is responsible for 100% of the inpatient deductible under the Rules of Coverage.

9. EXECUTIVE DIRECTOR'S REPORT. - Mr. Smith reported the following:

1) The Claims and Membership Divisions were functioning well. There were 789 claims outstanding as of Monday (about 1½ days).

2) During the first six months we collected $319,837 interest on Certificated Deposits and earned an average yield of 16.36%.

3) He has been communicating with Laurie Fried Lee, President, American Federation of Teachers relative to negotiations her union is having with the Community College District on providing health coverage for part time certificated personnel. It is proposed that the district will submit an ordinance to the Board of Supervisors in February to qualify about 300 employees which would be effected by the legislation.

4) There will be a special Legislative and Personnel Committee in late January to hear proposed Charter amendments for the June ballot. The two charter amendments to provide funding for a dental plan and continuation of City subsidy for surviving spouses will be considered at that time.

5) He has meet with City data processing personnel and consultants who have expertise in on-line systemswith the idea of converting the Membership and Claims Divisions to on-line computer systems. He thinks this would provide greater efficiency and hopefully greater cost effectiveness. A move in this direction is required when one sees decreasing financial and personnel resources in the years ahead. He stated that he will be keeping the Board abreast of developments in this area in ensuing months.

6) He requested a motion to draw a resolution approving the Executive Director's administrative expenses of $40.70 for the period of October through December, 1981. A motion was made by Commissioner Toomey and seconded by Commissioner Bernstein. There being no objections, it was so ordered.

7) The Annual Board Meeting will be held on January 21, 1982 at 6:00 P.M. in the Board of Supervisors hearing room #228.

Commissioner Hassing voiced the opinion that Philip Kearney would be a great asset as a prospective Board member and expressed amazement at the City Attorney's opinion that the Charter prohibited his appointment.

10. There being no further business, the meeting was adjourned at 4:20 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR JANUARY 12, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through December 1981

| (1) Basic Benefits | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 1,552,278 | $ 1,465,301 | 64% | 94% |
| Retired & Resigned | 690,218 | 679,366 | 85% | 98% |
| Adult Dependents | 880,768 | 999,949 | 94% | 114% |
| Minor Dependents | 378,385 | 481,923 | 104% | 127% |
| TOTAL | $ 3,501,649 | $ 3,626,539 | 79% | 104% |
| (2) Major Medical | $ 2,961,642 | $ 3,305,901 | 88% | 112% |
| (3) Total Experience - Basic and Major Medical Benefit | $ 6,463,291 | $ 6,932,440 | 83% | 107% |
| (4) Prescription Drug Benefit | $ 573,128 | $ 620,368 | 87% | 108% |

EXHIBIT 'B'

## SEMI-PRIVATE ROOM RATES

| HOSPITAL | 7/79 | 1/80 | 6/80 | 9/80 | 12/80 | 7/81 | 10/81 | 01/82 | Pct. Incr. Since 1/81 |
|---|---|---|---|---|---|---|---|---|---|
| Children's | 192 | 220 | 230 | 230 | 260 | 260 | 285 | 315 | 21% |
| French | 195 | 220 | 220 | 240 | 240 | 260 | 260 | 280 | 16% |
| Mt. Zion | 223 | 229 | 229 | 252 | 267 | 291 | 291 | 291 | 9% |
| Presbyterian | 210 | 210 | 228 | 228 | 250 | 270 | 270 | 270 | 8% |
| R. K. Davies | 190 | 215 | 215 | 215 | 215 | 260 | 260 | 295 | 37% |
| St. Francis | 200 | 230 | 245 | 260 | 260 | 285 | 285 | 310 | 19% |
| St. Luke's | 182 | 220 | 220 | 231 | 250 | 275 | 275 | 290 | 16% |
| St. Mary's | 229 | 229 | 265 | 265 | 269 | 299 | 299 | 326 | 21% |
| U. C. | 194 | 223 | 252 | 252 | 252 | 303 | 303 | 303 | 20% |
| Marshall Hale | - | 200 | 200 | 220 | 220 | 265 | 265 | 265 | 20% |
| Average | 201 | 220 | 230 | 239 | 248 | 277 | 279 | 294 | 19% |
| HSS Maximum Covered | 196 | 224 | 224 | 224 | 252 | 280 | 280 | | |

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1/21/82

# HEALTH SERVICE SYSTEM

CITY AND COUNTY OF SAN FRANCISCO

450 McALLISTER STREET
SAN FRANCISCO, CALIFORNIA 94102

TELEPHONES
Administration 558-3701
Claims 558-4761
Membership 558-4322

RANDALL B. SMITH
Executive Director

PLEASE POST PLEASE POST

## OFFICIAL NOTICE

In compliance with Section 8.423 of the

Charter of the City and County of San Francisco

THE HEALTH SERVICE BOARD

announces its

ANNUAL PUBLIC HEARING MEETING

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PUBLIC LIBRARY

to be convened on

THURSDAY EVENING, JANUARY 21, 1982

AT 6:00 P.M.

in the

BOARD OF SUPERVISORS - COMMITTEE ROOM

ROOM #228

CITY HALL

SAN FRANCISCO, CALIFORNIA

ALL ARE INVITED TO ATTEND

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'A'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - FEBRUARY 9, 1982 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Paretchan, Harry
Hassing, Robert E. Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of January 12, 1982, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Rules Committee - Abraham Bernstein, M.D., Chairman
   a. Recommendations of changes to Rules of Coverage under City Plan
   b. Recommendations of changes to Rules and Regulations

8. Rate Committee - Thomas A. Toomey, Chairman
   a. Recommendations of Rate and Benefit Changes for the 1982-83 Fiscal Year.

9. Old Business
   a. Status of 1212 Market Street Move

10. New Business

11. Executive Director's Report

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY, FEBRUARY 9, 1982 - 4:00 P.M.

Minutes

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Paretchan, Harry
Hassing, Robert E. — Renne, Louise H.
Toomey, Thomas A.

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of January 12, 1982 as submitted and the motion carried.

5. ACTUARIAL REPORT. - Mr. Clark of Rael & Letson reported a basic loss ratio of 82% for January and year to date of 101%. Major Medical was at 91% for month and year to date to 109%. Combined loss ratio was 87% and the overall year to date was 104% down from 107% last month. The Prescription drug benefit was 130% and cumulative 111% for the year. (Exhibit "A" attached)

6. APPEALS COMMITTEE. - Commissioner Gaggero reported no appeals.

7. RULES COMMITTEE. - Commissioner Bernstein presented proposed Rules of Coverage changes recommended by the Rules Committee. These rule changes are incorporated as part of this report and labeled Exhibit "B". Commissioner Renne asked the cost to the System for providing castrophic coverage at 100% after $20,000 of covered charges. Mr. Smith responded that the cost equates with a 1.5% increase on the Major Medical rates. This equals an annual projected cost of around $90,000. Commissioner Bernstein recommended the rules be adopted as recommended and Commissioner Gaggero seconded the motion. There being no objections, it was so ordered. These Rule changes would be effective July 1, 1982.

8. RATE COMMITTEE. - Commissioner Toomey reported that the Rate Committee had two (2) meetings (January 25 and February 1) and recommends unanimously the following:

a) Self fund the vision plan and pay an administrative fee of $.43 to California Vision Plan.

8. RATE COMMITTEE. - (cont'd.)

b) The Basic benefit schedule would be raised accordingly:

| Basic Benefits | | Maximum Major Medical Coverage |
|---|---|---|
| Initial Office Visit | $ 20 to 25 per visit | $ 125 per visit |
| Extended Office Visit | 18 to 22 | 88 |
| Initial Hospital Visit | 20 to 30 | 135 |
| Anesthesia | 13 to 15 per unit | 75 per unit |
| Hospital Room and Board | 140 to 150 per day | 300 per day |

c) The Major Medical benefits would include:

1. The co-payment going to 100% at $20,000 of covered charges.
2. Covered psychiatric charges raised from $30 to $50 per consultation.
3. Maximum annual payable for chiropractic services will be limited to $1,000 per year.
4. Maximum Room and Board would be raised to $300 pending the April, 1982 survey.

d) The rate for Plans I through V are as shown on Exhibit "C". Commissioner Toomey enumerated the rate change for all plans at the employee, plus 1 dependent and family rate level. There is no change of benefits for either the Children or French Hospital Health Plans. The Kaiser Health Plan will now cover some cosmetic surgery following accident; pre-marital exam and lab; eye prosthesis after surgery; ostomy supplies for home; prescribed disposable needles. Bay Pacific will raise the prescription drug copayment from $2 to $4 and the emergency room copayment from $15 to $25 effective January 1, 1983. The Bay Pacific representative indicated that this issue will be addressed in their literature for open enrollment. Actuarial statements covering the rates are incorporated as Exhibit "D".

e) The rule requiring that a health plan have 600 employee members,as of May to be continued,be waived for the 1982-83 fiscal year.

Motion by Commissioner Bernstein and seconded by Commissioner Gaggero that the rule be waived for 1982-83. There being no objections, it was so ordered.

Mr. Smith mentioned in response to a question on the large rate increase for surviving spouses that the Medicare rates increased between 18% and 26% for all plans because of inflation and federal cutbacks in the Medicare program.

Commissioner Toomey made a motion that the rates and benefit changes be adopted, Commissioner Paretchan seconded the motion. There being no objections, it was so ordered.

9. OLD BUSINESS. - Mr. Smith reported that the supplemental for the move has been passed by the Board of Supervisors and is in the Mayor's Office now for signature. It is still projected that we will move by April 1st.

10. NEW BUSINESS.

a) Charter Amendment on composition of Health Service Board.-

A letter from the Clerk of the Board was received requesting the effect of this amendment on the Health Service System. The consensus of the Board was that the amendment would have no effect on System although it should be pointed out that the System doesn't feel it equitable that the System's budget should absorb any extra cost to government caused by this amendment.

11. EXECUTIVE DIRECTOR'S REPORT. - Mr. Smith reported the following:

a) Claims and Membership Divisions were functioning well. Programming changes are being made to reduce the number of records going into manual reconciliation and to improve our accounts receivable system. An early budget review issue on funding for an on-line computer system has been forwarded to the Mayor on the premise that this would reduce on-going EDP costs and could have an impact on future personnel requirements.

b) The Charter Amendments for both the dental plan and surviving spouses subsidization have been forwarded to the full Board of Supervisors with a "do submit" recommendation and they will be heard on February 16th.

c) Met with Community College officials relative to MOU for health benefits for part time certificated employees. San Francisco Community College District will be forwarding an ordinance to Board of Supervisors to establish eligibility in the Health Service System.

President Johnson reported that he met with the Mayor and other Commission and Board Presidents last month. The Mayor will be holding monthly meetings of these officials to establish ongoing communication and understanding between Boards and Commissions. The Mayor encouraged members of Boards and Commissions to attend receptions to which they are invited.

12. There being no further business, the meeting was adjourned at 5:00 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR FEBRUARY 9, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through January 1982

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 1,799,902 | $ 1,669,273 | 81% | 92% |
| Retired & Resigned | 807,448 | 758,620 | 67% | 93% |
| Adult Dependents | 1,023,884 | 1,133,512 | 93% | 110% |
| Minor Dependents | 439,375 | 536,166 | 88% | 122% |
| TOTAL | $ 4,070,609 | $ 4,095,571 | 82% | 101% |
| (2) Major Medical | $ 3,454,215 | $ 3,758,176 | 91% | 109% |
| (3) Total Experience - Basic and Major Medical Benefit | $ 7,524,824 | $ 7,853,747 | 87% | 104% |
| (4) Prescription Drug Benefit | $ 668,626 | $ 744,781 | 130% | 111% |

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - MARCH 9, 1982 - 4:00 P.M.

# A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Paretchan, Harry
Hassing, Robert E. — Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of February 9, 1982, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman
   a. Request to Change Health Plans - Carol S. Bernard, HSS No. 43936-00

7. Rules Committee - Abraham Bernstein, M.D. - Chairman
   a. Recommendations of Changes in Rules and Regulations

8. Old Business
   a. 1212 Market Street Move.

9. New Business
   a. Budget Proposal for 1982-83 Fiscal Year
   b. Consideration of Requirement to Move Up Submission Date of Proposed Plan Rates for Following Fiscal Year.

10. Executive Director's Report.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
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#3
3/9/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY, MARCH 9, 1982 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

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3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Paretchan, Harry

ABSENT : Hassing, Robert E.
Renne, Louise H.

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of February 9, 1982 as submitted and the motion was carried.

5. ACTUARIAL REPORT - Mr. Juan Rael reported that the Basic loss ratio was 99% for the month of February and 100% cummulative to date. Adult and Minor Dependents loss ratios are in excess of 110% which is as expected. Major Medical, which absorbs the brunt of inflationary cost was at 118% for the month and 110% year to date. The overall loss ratio was 108% for the month and 105% cummulative to date. The Prescription drug benefit was at 124% for the month and 113% overall. (Exhibit 'a' attached)

6. APPEALS COMMITTEE - Commissioner Gaggero reported that the appeal of Carole Bernard was withdrawn. There were no other appeals.

7. RULES COMMITTEE - Commissioner Bernstein presented the amended Rules and Regulation as shown on exhibit 'b' attached. Commissioner Paretchan raised the following issues: 1) That a restriction of thirty (30) days only to add a newly acquired spouse after retirement is unfair and, 2) That the provision to add should be retroactive. After much discussion, it was decided that Rule 7a be referred back to the Rules Committee.

   Commissioner Toomey made a motion to adopt rule recommendations 7b and 7c. Commissioner Gaggero seconded the motion and it was duly passed.

8. OLD BUSINESS - Mr. Smith reported that the move to 1212 Market Street is still scheduled for April 1st. He requested that the Board approve a motion that the System not transact business on April 1, 1982, due to the move. Commissioner Gaggero made a motion that the Health Service System not transact business on the day of the move (April 1st). Commissioner Paretchan seconded the motion. There being no objections, it was so ordered.

9. NEW BUSINESS

a) 1982-83 Budget -

Mr. Smith submitted the 1982-83 budget of $1,056,966 (Exhibit 'c' attached) for approval. The budget reflects no changes in positions or classifications and is based on the current 1981-82 budget dollars allowed plus the annual rental cost at 1212 Market Street. He noted that the EDP budget has been reduced because of fiscal limitations (EDP requested $310,000 for next year) and because he is asking approval to submit a current year supplemental for $130,362 to develop an on-line computer system for both the Membership and Claims Divisions. The computer system will improve our efficiency, reduce on-going EDP costs, allow us to better absorb future projected budget restrictions, enable us to interact with the City's new payroll system scheduled for implementation in 1984, and also interact, if required, with the City's FAMIS accounting system. Commissioner Paretchan made the motion to adopt the 1982-83 budget as submitted and to submit the supplemental for $130,362 for this fiscal year. Commissioner Toomey seconded the motion and it was duly passed.

b) Consideration of Moving Up Submission Date on Proposed Plan Rates -

After discussion of whether the health plans should submit their rates prior to submission to the Board of Supervisors of the certification of the rate of the ten most populous counties, it was decided by the Board to refer the matter to the Rate Committee.

c) Safeguard Health Plan Request -

Mr. Smith reported that Safeguard has requested three (3) changes in the administration of their voluntary dental plan. They would like 1) to add a provision which states that individuals terminating before fulfilling the minimum one (1) year membership in the plan will not be allowed to rejoin the plan for a two (2) year period. This request is being made because individuals are joining the plan to take care of extensive dental work and then dropping their voluntary deduction for the plan; 2) to offer a low option plan to accompany the current plan. The new plan would carry a lower premium rate, would still cover preventive and diagnostic services at no charge but would carry larger co-payments on other services; and 3) to restrict enrollment for other than new employees to an open enrollment period such as is done with the medical plans.

Mr. Smith requested approval to give Safeguard the go ahead to start their planning on these proposals with Safeguard making a presentation at the April Board Meeting, if requested by the Board. The consensus of the Board was to let Safeguard start their planning and make a presentation at the April Board meeting.

d) President Johnson announced that the Mayor has appointed Robert A. Katz to the Health Service Board and he will be sworn in on March 18, 1982 at 11:15 P.M. in Room 200, City Hall. Mr. Katz is an accounts manager with Blue Cross of Northern California.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

1) The three (3) Charter amendments (dental plan, subsidy for surviving spouses, and enlargement of the Health Service Board) affecting the Health Service System have been approved for submittal by the Board of Supervisors and will appear on the June 8th ballot.

2) The plans, rates and fee schedule for 1982-83 passed the first reading of the Board of Supervisors on Monday, March 8th. Work has begun on the new Comparison of Plans sheet.

3) The Membership and Claim Divisions are functioning well.

President Johnson recognized Mr. Frank Lucibello of the Retired Employees Association who read a prepared statement thanking the Board for proposing the surviving spouse Charter amendment for the June ballot. He asked if a Member of the Board would entertain a motion to have the Health Service Board endorse a ballot argument for this Charter amendment should the Retired Employees Association sponsor one. Commissioner Paretchan made the motion. Commissioner Toomey seconded it. It was duly passed.

11. There being no further business, the meeting was adjourned at 5:00 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR MARCH 9, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through February 1982

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 2,046,188 | $1,899,320 | 94% | 93% |
| Retired & Resigned | 921,208 | 845,105 | 76 | 92 |
| Adult Dependents | 1,164,700 | 1,295,899 | 115 | 111 |
| Minor Dependents | 499,112 | 609,199 | 122 | 122 |
| TOTAL | $ 4,631,208 | $4,649,523 | 99% | 100% |
| (2) Major Medical | $ 3,938,850 | $4,329,043 | 118% | 110% |
| (3) Total Experience - Basic and Major Medical Benefit | $ 8,570,058 | $8,978,566 | 108% | 105% |
| (4) Prescription Drug Benefit | $ 762,561 | $ 861,172 | 124% | 113% |

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - APRIL 13, 1982 - 4:00 P.M.

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# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Katz, A. Robert
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of March 9, 1982, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business

8. New Business
   a. Safeguard Dental Plans Presentation
   b. Quarterly Report on Hospital Room and Board Rates

9. Executive Director's Report

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
4/13/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY, APRIL 13, 1982 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

   President Johnson introduced Mr. Robert Katz, appointed March 18, 1982 by Mayor Feinstein to the Health Service Board. He wished him well in his new capacity.

3. Roll Call:

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Katz, Robert A. |
| | Gaggero, Joseph A | Paretchan, Harry |
| | Johnson, F. Walter | Toomey, Thomas A. |
| ABSENT: | Renne, Louise H. - excused | |

4. Motion was made by Commissioner Paretchan and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of March 9, 1982 as submitted and the motion was carried.

5. ACTUARIAL REPORT - Mr. Rael reported that the Basic Benefits loss ratio was 132% for the month and 104% year to date. Major Medical was 180% for the month and 118% year to date. The overall loss ratio was 154% for the month and 110% for the year to date. The prescription drug benefit was at 124% for the month and 114% year to date (Exhibit 'A' attached). He commented that March is a traditionally heavy month for claims and that many individuals have now satisfied their deductible.

   Mr. Rael pointed out that included in his actuarial report for the 1980-81 fiscal year was reference to the reserve of $2,730,000 as a reserve for incurred but unpaid claims as well as a contingency reserve of $2,270,000 held by the System. He suggested that the Board should at some time set a policy on the extent of contingency reserve which should be held by the System.

6. APPEALS COMMITTEE - Mr. Gaggero reported no appeals for the month of March.

7. OLD BUSINESS - None

8. NEW BUSINESS

   a) Safeguard Health Plans -

      Dr. Alan Michels addressed the Board on Safeguard's proposal to offer a second dental plan with premiums 30 to 40% lower than the existing plan but with higher

8. NEW BUSINESS. - (cont'd.)

co-payments for restorative, crowns and bridges, periodontics, endodontics, and prosthetics services. Safeguard would also like to limit ongoing enrollment to an open enrollment period, preferably the month of May to coincide with the medical plan open enrollment period, because of abuses to the plan by individuals who are going into the plan when they require extensive dental work and then dropping out when they are completed. Safeguard suggests that a two-year waiting period be implemented for those individuals who do not stay in the plan for the one year required period.

The consensus of the Board was approval of Safeguard's requests and President Johnson directed the Executive Director to work with Safeguard in implementing the new plan and open enrollment period.

b) Hospital Room and Board Rates -

Mr. Smith presented the quarterly report (Exhibit 'B' attached) which reflected that the average room and board rate had jumped from $294 to $309. Mr. Smith asked the Board to consider increasing the upper major medical limit to $308 because of the fact that the cost for each rate exceeding our maximum of $294 is directly passed on to our members. Commissioner Bernstein made a motion that the rate be increased to $308 effective April 1, 1982 and the motion was seconded by Commissioner Paretchan. There being no objections, it was so ordered.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

1) The Health Service System has completed its move to 1212 Market Street as of April 2, 1982 although the membership folders were not moved over until April 12th because the new file system was not completed.

2) The Membership and Claims Divisions handled the move well although claims did increase to 1,451 claims outstanding as of Monday morning, a 3-day backlog versus the normal day and one-half. This backlog should be cleared shortly.

3) The ordinance approving health plans and rates of contribution for 1982-83 was approved by the Board of Supervisors on March 15th and signed by the Mayor on March 18th.

4) The ordinance extending health coverage to temporary employees to June 30, 1983 and extending benefits to part time certificated personnel of the Community College District was passed for second reading by the Board of Supervisors on April 12th.

5) The Comparison of Plans sheet is completed and will be delivered by April 19th for distribution to all employees.

6) It is planned that new membership cards will be mailed out with the new prescription drug cards by July 1st. This would be the first general mailing in about 10 years. It would serve a number of purposes: a) make our members aware of their new suffix health health service number versus the old prefix number used by the manual system, b) give Medicare members an alpha suffix which we hope that they will utilize on their claims to reduce staff processing time, and c) determine if there are individuals with Medicare coverage who we show do not have Medicare or only have one portion.

10. There being no further business, the meeting was adjourned at 4:50 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT 'A'

REPORT BY ACTUARY FOR APRIL 13, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through March 1982

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 2,303,300 | $ 2,252,288 | 137% | 98% |
| Retired & Resigned | 1,029,607 | 952,580 | 99 | 93 |
| Adult Dependents | 1,306,553 | 1,485,661 | 134 | 114 |
| Minor Dependents | 559,518 | 706,382 | 161 | 126 |
| TOTAL | $ 5,198,978 | $ 5,396,911 | 132% | 104% |
| (2) Major Medical | $ 4,424,110 | $ 5,201,971 | 180% | 118% |
| (3) Total Experience Basic and Major Medical Benefit | $ 9,623,088 | $10,598,882 | 154% | 110% |
| (4) Prescription Drug Benefit | $ 856,626 | $ 977,829 | 124% | 114% |

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#2
5/11/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - MAY 11, 1982 - 4:00 P.M.

A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Katz, Robert A.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter Renne, Louise H.
Toomey, Thomas A.

4. Minutes of Regular Meeting of April 13, 1982, submitted for approval.

5. Actuarial Report - Mr. Chuck R. Grunsky, Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business
   a. Safeguard Dental Plan - R. Smith
   b. 1982-83 Budget/1981-82 Supplemental Appropriation

8. New Business
   a. Report on Open Enrollment - R. Smith

9. Executive Director's Report

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
5/11/82

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY, MAY 11, 1982 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Katz, Robert A.
Gaggero, Joseph A. — Paretchan, Harry
Johnson, F. Walter — Toomey, Thomas A.

ABSENT : Renne, Louise H.

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of April 13, 1982 as submitted. There being no objections, it was so ordered.

5. ACTUARIAL REPORT - Mr. Grunsky, representing Rael & Letson, reported that Basic benefits showed a loss ratio of 95% for the month of April and 103% year to date. Major Medical was 114% for the month and 117% for the year. The cumulative loss ratio was 104% for the month and 110% for the year to date. The prescription drug experience was at 108% for the month compared to 124% for March and 114% for the year to date (Exhibit 'A' attached). The overall loss ratio of 110% is about 5% over the projection (105%) for the year. The loss ratio through April, 1981 was 111% compared to the 110% this year.

6. APPEALS COMMITTEE - Commissioner Gaggero reported that there were no appeals during April.

7. OLD BUSINESS -

A. Safeguard Dental Plans -

Mr. Smith reported that Safeguard was unable to get their literature out on the dual dental plans because of a problem with the printing on the Controller's payroll deduction card which is enclosed with the packet. The brochure will be available on May 20th and the open enrollment period will be extended through the end of June.

B. 1982-83 Budget and 1981-82 Supplemental Appropriation -

Mr. Smith reported that the budget meeting with the Mayor resulted in her approval of our budget of $1,133,529 (a 2.8% increase inclusive of salary standardization) for the 1982-83 fiscal year. The budget will now be forwarded to the Board of Supervisors. The pending supplemental of $130,362 was discussed and meets with the approval of the Mayor's fiscal staff. The subject of using trust fund monies was again brought up and the Mayor asked that the Board be approached to fund the supplemental. A letter on the subject is forthcoming from the Mayor but has not been received to date. The supplemental will provide the System with state of the

7. OLD BUSINESS - (cont'd.)

art computer technology which will provide more efficiency, cost effectiveness, and better management tools.

Commissioner Paretchan expressed his opposition to using trust fund monies and that the reserves of the System are there for a purpose, not to pay administrative costs. President Johnson and Commissioner Gaggero expressed similar opposition.

Mr. Grunsky, Rael & Letson, related the opposition of Rael & Letson to the use of trust monies which are needed to maintain adequate reserves.

Commissioner Toomey made a motion that a letter of response be sent to the Mayor explaining that trust fund monies are employee monies and should be used for benefits and that our fudiciary responsibility will not allow use of these funds. Commissioner Bernstein seconded the motion. There being no objection, it was so ordered.

8. NEW BUSINESS -

Open Enrollment Report -

Mr. Smith reported that through May 7, 1982 (5 days) change of enrollments are running at record levels. 503 changes have been filed in the first 6 working days versus 411 in the record year of 1981. Exhibit 'B' reflects the changes between plans and the net changes in employees and dependents for each plan. A significant statistic is the number of new dependents being added perhaps because of economic conditions.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

1) The Ordinance extending health coverage for temporary employees to June 30, 1983 and extending coverage to certificated part time employees of the Community College District has passed and been signed by the Mayor. The System has already enrolled 154 of the projected 300 employees affected.

2) The TAPPS payroll system at San Francisco Unified School District is supposed to go into operation July 1, 1982. We will be finalizing a Memorandum of Understanding with them along with Civil Service, Controller, Treasurer and Retirement System once we receive live output reports.

3) Certificates of Deposit are currently earning about 14.30% and have averaged 15.85% year to date. Over $703,000 in interest has been collected during this fiscal year to date. (Exhibit 'C' attached)

4) The new membership card design is now in the hands of the printer and hopefully a a makeup copy will be available by the next Board meeting.

President Johnson asked that a letter of endorsement for Proposition C be directed to the newspapers, television, and radio stations on behalf of the Board. Mr. Frank Lucibello of the Retired Employees Association asked that an endorsement of Proposition D also be included in the letter. Commissioner Paretchan felt that since the Board

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

also initiated Proposition D, that it should also include that endorsement in the letter to the media. There being no objections, it was so ordered.

10. There being no further business, the meeting was adjourned at 4:40 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR MAY 11, 1982
-MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through April 1982

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 2,550,888 | $ 2,458,817 | 94% | 97% |
| Retired & Resigned | 1,141,630 | 1,017,223 | 58 | 89 |
| Adult Dependents | 1,445,162 | 1,636,849 | 109 | 113 |
| Minor Dependents | 618,401 | 785,605 | 135 | 127 |
| TOTAL | $ 5,756,081 | $ 5,925,494 | 95% | 103% |
| (2) Major Medical | $ 4,907,759 | $ 5,751,445 | 114% | 117% |
| (3) Total Experience Basic and Major Medical Benefit | $10,663,841 | $11,676,939 | 104% | 110% |
| (4) Prescription Drug Benefit | $ 950,658 | $ 1,079,034 | 108% | 114% |

SF
H25
#2
5/8/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - JUNE 8, 1982 - 4:00 P.M.

# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Katz, Robert A.
   Gaggero, Joseph A. — Paretchan, Harry
   Johnson, F. Walter — Renne, Louise H.
   Toomey, Thomas A.

4. Minutes of Regular Meeting of May 11, 1982, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business
   a. Report on Open Enrollment

8. New Business
   a. Nomination and Election of President, Health Service Board as provided in Part I(A) Rules and Regulations

9. Executive Director's Report

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
6/8/82

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CA 94102

TUESDAY - JUNE 8, 1982 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Katz, Robert A. |
| | Gaggero, Joseph A. | Paretchan, Harry |
| | Johnson, F. Walter | Toomey, Thomas A. |
| EXCUSED: | Renne, Louise H. | |

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Toomey to approve the minutes of the Regular Meeting of May 11, 1982 as submitted and the motion carried.

5. ACTUARIAL REPORT - Mr. Chuck Grunsky of Rael & Letson reported that the Basic loss ratio was 109% for the month of May and 103% cumulative to date. Major Medical, which absorbs the brunt of inflationary cost was at 156% for the month and 121% year to date. The overall loss ratio was 130% for the month and 111% cumulative to date. The Prescription drug benefit was at 151% for the month and 117% overall (Exhibit 'a' attached).

   Commissioner Katz asked if the minor dependents could be tracked into the major medical to see if the high loss ratio extends to that coverage. Mr. Grunsky stated that those figures are provided them each month and they can be supplied in the monthly report. Commissioner Katz requested that, that be done. Mr. Smith reminded the Board that the Basic benefits should reflect loss ratios of 115% for both adult dependents and minor dependents.

6. APPEALS COMMITTEE - Commissioner Gaggero reported that there were no appeals during May.

7. OLD BUSINESS -

   May Open Enrollment - Mr. Smith reported that there were 2,452 total changes in May which exceeded the 2,400 changes in the record year of 1981. None of the plans loss significant numbers compared to 1981 and the most significant statistic was the 1,361 new dependents added to the System. (Exhibit 'B' attached)

8. NEW BUSINESS -

   a) Nomination for President of Health Service Board.

      Commissioner Gaggero nominated Commissioner Bernstein, who declined nomination and nominated President Johnson for a second term. The nomination was seconded by Commissioner Toomey. Commissioner Paretchan moved that the nominations be closed, seconded by Commissioner Gaggero. President Johnson was unanimously elected to a second term.

8. NEW BUSINESS - (cont'd.)

President Johnson recognized Mr. Frank Lucibello of the Retired Employees Association who introduced Mr. Gerald Gallagher, new President of the Retired Employees Association. Mr. Gallagher expressed the continued support of the Association to the Health Service Board. President Johnson congratulated President Gallagher and expressed the Board's thanks for the invitation to their annual luncheon.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The 1982-83 budget was approved by the Mayor with no cuts and forwarded on to the Board of Supervisors. The $130,362 supplemental for an on-line computer system was also approved by the Mayor and forwarded to Board of Supervisors.

b. The accounting firm of Peat, Marwick and Mitchell, as part of their annual audit of the Controller's records, recommended that an outside audit of the Health Service System be conducted. The Controller agreed with this recommendation since an outside audit has not been done since 1972. An audit for the fiscal year ending June 30, 1982 will be done this fall and paid from the Controller's budget.

c. Safeguard Dental Plan literature on their new dental plan arrived and is being distributed on request. A memorandum for posting went to all departments advising employees of the two (2) plans now available to them and advising them that the open enrollment period will be for sixty (60) days through the end of July, 1982. The retired employees are being advised through their monthly bulletin.

d. A letter was received from Jean L. Weirich of Grand Ledge, Michigan requesting use of our Comparison of Plans sheet in a forthcoming book she has written called 'Personal Finance' to be published in late 1982 by Little, Brown & Co. of Boston, Massachussetts.

Commissioner Toomey made a motion to grant use of the Comparison of Plans sheet, seconded by Commissioner Paretchan. There being no objections, it was so ordered.

e. City nurses, as a consequence of a Charter amendment in November, 1981 are now provided a dental plan and subsidization for dependents health benefits. One of the unions representing Nurses, Teamster Local 856, has requested that their nurses be allowed to belong to the Teamsters Trust Health Fund. The response to them was that the City contribution could not be taken from the Health Service Trust and that their plan would have to be offered to all employees to entertain their request. Although it did not seem feasible for nurses to belong to the Teamsters Trust Fund, Mr. Smith did say he would pass their request on to the Board. The consensus of the Board was agreement with Mr. Smith's response to the Union.

f. The new Membership card and prescription drug card will be mailed by July 1st. The new Membership card will contain some new elements, specifically, health service number with suffix instead of prefix, an additional alpha letter suffix for individuals covered by Medicare, a date of enrollment in plan, and the new address of the System. An insert will be mailed on the facts about Medical Costs and a questionnaire to elicit member's responses about what benefit areas they would like strengthened if monies were available and which areas they would cut benefits if monies were not available will also be sent.

g. A problem has persisted in the enrollment of temporary employees because it appears that departments are not monitoring eligibility of employees. Departments are simply supplying form letters when the employee either becomes aware that they are eligible for health benefits or they need health services. He recommended no longer

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

accepting letters from departments after June 30th in order to bring this problem to the forefront for resolution by the Health Service System, departments, and the unions. The consensus of the Board was to proceed in this direction.

10. There being no further business, the meeting was adjourned at 4:45 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR JUNE 8, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for period July through May 1982

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 2,793,096 | $ 2,736,180 | 103% | 98% |
| Retired & Resigned | 1,256,614 | 1,138,591 | 106 | 91 |
| Adult Dependents | 1,582,969 | 1,797,047 | 116 | 114 |
| Minor Dependents | 676,243 | 853,771 | 109 | 126 |
| TOTAL | $ 6,308,922 | $ 6,525,589 | 109% | 103% |
| (2) Major Medical | $ 5,389,492 | $ 6,500,680 | 156% | 121% |
| (3) Total Experience Basic and Major Medical Benefit | $11,698,414 | $13,026,269 | 130% | 111% |
| (4) Prescription Drug Benefit | $ 1,044,323 | $ 1,220,010 | 151% | 117% |

SF
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# 2
7/13/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102
TUESDAY - JULY 13, 1982 - 4:00 P.M.

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A G E N D A

1. Call to Order
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. Katz, Robert A.
   Gaggero, Joseph A. Molinari, John L.
   Johnson, F. Walter Paretchan, Harry
   Toomey, Thomas A.
4. Minutes of Regular Meeting of June 8, 1982, submitted for approval.
5. Actuarial Report - Mr. Chuck Grunsky, Rael & Letson
6. Appeals Committee - Joseph A. Gaggero, Chairman
7. Rules Committee - Abraham Bernstein, M.D., Chairman
   Consideration of Rule Amendment to Part IIA, Subsection 4 to allow retired employees to add dependents acquired after retirement.
8. Old Business
9. New Business
   a. Hospital Room and Board Survey - Quarterly Report - R. Smith
   b. 1982-83 Committee Assignments - F. Walter Johnson
10. Executive Director's Report

Randall B. Smith
RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

NOTE: CHANGE OF MEETING LOCATION

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7-13-82

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JULY 13, 1982 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Johnson, F. Walter
Paretchan, Harry
Toomey, Thomas A.

ABSENT : Katz, Robert A. - on vacation
Molinari, John L.

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of June 8, 1982 as submitted and the motion carried.

5. ACTUARIAL REPORT - Mr. Chuck Grunsky of Rael & Letson reported Basic Benefits at 89% for the month of June, 102% cumulative to date; Major Medical 146% for the month, 123% cumulative to date. Overall, 114% for the month and 112% for the year. The Prescription Drug Plan was 107% for the month and 116% for the year. He added that Major Medical will be broken down by categories similar to the Basic Benefits starting with July statistics. Mr. Smith added that the vision plan will also be reflected in the statistics in July because the plan will be self-funded for the first time. The System expended about $16.5 million for 1981-82 with a loss on claims of $1.5 million for the year. The claim ratio of 112% for 1981-82 compared to a 110% ratio for 1980-81. (Monthly statistical report, Exhibit 'A' attached)

6. APPEALS COMMITTEE - Commissioner Gaggero reported that there were no appeals for the month of June.

7. RULES COMMITTEE - Commissioner Bernstein reported that the Rules Committee recommends adoption of a rule amendment allowing service retirees to add a newly acquired spouse within thirty (30) days of marriage or during the open enrollment immediately following the marriage. Commissioner Bernstein made the motion to adopt the rule, (Exhibit 'B' attached) Commissioner Paretchan seconded the motion. The motion was unanimously approved.

Commissioner Paretchan made a motion to allow service retirees who acquired dependents after retirement a one time open enrollment opportunity. Seconded by Commissioner Bernstein, the motion was unanimously passed. Mr. Smith was directed to contact the Health Plans and Retired Employees Association to work out the mechanics of implementation.

8. OLD BUSINESS - None

9. NEW BUSINESS -

a) Hospital Room and Board Quarterly Survey.

Mr. Smith reported that the average semi-private room and board rate for July 1, 1982 is $323 compared to our current maximum allowed of $315. Exhibit 'C' attached reflects the San Francisco rates and those rates for other hospitals in the Bay Area. The Board took no action on a rate increase at this time.

b) Board Committee Assignments - President Johnson announced the following committee assignments for 1982-83:

| RATES COMMITTEE | RULES COMMITTEE |
|---|---|
| Chair: Thomas A. Toomey | Chair: Abraham Bernstein, M.D. |
| Harry Paretchan | Joseph A. Gaggero |
| Joseph A. Gaggero | Harry Paretchan |
| **APPEALS COMMITTEE** | **BUDGET COMMITTEE** |
| Chair: Joseph A. Gaggero | Chair: Harry Paretchan |
| Robert A. Katz | Robert A. Katz |
| Abraham Bernstein, M.D. | Thomas A. Toomey |

c) President Johnson read a letter from Pat Jackson, Executive Secretary, Local 400 requesting a special enrollment for the addition of dependents of Registered Nurses who were concluding a Memorandum of Understanding with the City in late May and did not have an opportunity to add dependents during the open enrollment period. The Memorandum of Understanding provides that the City subsidize the cost of dependents health premiums. Commissioner Toomey made a motion to allow a special enrollment for nurses dependents as soon as possible. Commissioner Paretchan seconded the motion and it was unanimously passed.

d) President Johnson recognized Mr. Frank Lucibello of the Retired Employees Association who requested that the Health Service Board endorse and support the proposition on the November ballot to provide surviving spouses of City employees with a continuation of the City subsidy. Commissioner Gaggero made a motion to support the surviving spouse Charter amendment on the November, 1982 ballot, seconded by Commissioner Paretchan and unanimously passed.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a) An outstanding claims count of 1,283(which represents about 2½ days backlog)because of individuals on vacation. This count presents no problem and should be reduced to the standard 1½ days shortly.

b) New Plan I membership cards and prescription drug cards were mailed out by July 1st. 838 of the questionnaire inserts which accompanied the cards have been returned to date reflecting preliminary responses from 271 active and 567 retired employees. The three benefit areas most frequently requested for improvement were physician visits, annual physical exams and inpatient hospitalization. The three areas most frequently indicated for a reduction in benefits were acupuncture, chiropractic care, and routine immunizations. It is hoped that final statistics will be available by the August meeting.

c) The $130,362 supplemental for an on-line computer system was passed for second reading by the Board of Supervisors on June 28th and probably has been signed by the Mayor as of this date.

10. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

d) The US Senate Finance Committee has approved a change in law which would make employers health insurance the primary carrier and Medicare the secondary carrier for active employees 65 to 69 years of age. If passed for enactment on January 1, 1983, the rate structure for these individuals will have to be adjusted or the increased premium costs absorbed by the System.

e) A situation has arisen which reflects a loophole in the contracts of the prepaid health plans wherein a member who is hospitalized on June 30th and is terminating from their plan because of an open enrollment change would not be covered by the prepaid plan after June 30th except on a fee for service basis. This would mean that the City Plan would either have to cover the individual from July 1st or from date of discharge from the hospital. Conversely, if that member were to be going out of Plan I into a prepaid plan, the prepaid plan would not cover the individual until discharge from the hospital. The contracts do not provide a reciprocal agreement. The Board was asked to approve an initiative to change the various plan contracts for the 1983-84 fiscal year. Commissioner Paretchan made a motion to request a change in the contracts, seconded by Commissioner Gaggero and unanimously passed.

f) A number of requests have been received from providers i.e., Psychiatrists, Psychologists, Chiropractors whose services are covered under major medical only. They would like to belong to our panel. Current rules provide for panel membership upon acceptance of the Basic Benefit schedule as payment in full. The requests were referred to the Rules Committee for consideration.

g) A charter amendment to provide a dental plan to City employees is before the Rules and Legislation Committee of the Board of Supervisors on July 14th. It is the same amendment that appeared on the June ballot and was soundly defeated. No position was taken by the Board on this proposal although President Johnson and Mr. Smith would attend the committee meeting.

Commissioner Gaggero raised the issue of disseminating the hospital room and board rates to the membership as a means of letting them know the disparity in rates charged. The matter was referred to Mr. Smith for study.

11. There being no further business, the meeting was adjourned at 5:00 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR JULY 13, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for Fiscal Year July 1981 through June 1982

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | CLAIM RATIO FOR MONTH | CLAIM RATIO CUMULATI |
|---|---|---|---|---|
| Active Employees | $ 3,137,052 | $ 3,007,821 | 79% | 96% |
| Retired & Resigned | 1,368,353 | 1,238,844 | 90 | 91 |
| Adult Dependents | 1,755,591 | 1,972,241 | 101 | 112 |
| Minor Dependents | 652,893 | 932,445 | 103 | 124 |
| TOTAL | $ 7,013,888 | $ 7,151,351 | 89% | 102% |
| (2) Major Medical | $ 5,952,276 | $ 7,320,208 | 146% | 123% |
| (3) Total Experience Basic and Major Medical Benefit | $12,966,164 | $14,471,559 | 114% | 112% |
| (4) Prescription Drug Benefit | $ 1,155,567 | $ 1,339,378 | 107% | 116% |

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8/10/82

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - AUGUST 10, 1982 - 4:00 P.M.

# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Katz, Robert A.
Gaggero, Joseph A. Molinari, John L.
Johnson, F. Walter Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting of July 13, 1982, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.
   a. Monthly Report for July
   b. Operations Report on Health Service System

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business
   a. Interim Statistics and comments on Member Questionnaire
   b. Report on Special Enrollment for dependents of Registered Nurses and Service Retirees

8. New Business
   a. Health coverage for Domestic Partners

9. Executive Director's Report

Randall B. Smith
RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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8/10/82

Minutes

# HEALTH SERVICE SYSTEM
## REGULAR MEETING OF THE HEALTH SERVICE BOARD OF THE CITY AND COUNTY OF SAN FRANCISCO HELD IN THE BOARD MEETING ROOM 1212 MARKET STREET, MEZZANINE LEVEL SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - AUGUST 10, 1982 - 4:00 P.M.

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1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Johnson, F. Walter
Paretchan, Harry
Toomey, Thomas A.

EXCUSED: Katz, Robert A.
Molinari, John L.

4. Motion was made by Commissioner Bernstein and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of July 13, 1982 as submitted and the motion carried.

5. a. ACTUARIAL REPORT - Mr. Rael of Rael & Letson reported that the Basic loss ratio was 118% for the month of July. Major Medical, which absorbs the brunt inflationary cost was at 147% for the month. The prescription drug benefit was at 102% for the month and the vision benefit at 97% for the month. The overall loss ratio was 128% for the month. (Exhibit "A" attached)

It was explained that the huge loss ratio of 1204% on the minor dependents Major Medical was caused by extraordinary hospital claims. Hospitalization expenditures were almost $98,000 for the month while averaging only $22,950 per month all last year. The minor dependent rate is also heavily subsidized. Mr. Smith reminded the Board that all subsidy given by the Board is in the Major Medical rates. Approximately $85,000 in subsidy in July revenue alone, which if considered, would reduce the Major Medical loss ratio from 147% to 127%.

b. OPERATIONS REPORT - Mr. Rael submitted his report which detailed for the first time the operations of the System. He drew attention to the section on Financial Reports. A monthly Certificate of Deposit report will be submitted to the Board showing the status of reserves invested by the System. The amount of reserves held and the amount of reserve needed for incurred but unpaid claims will be reflected on the monthly actuarial report.

A recommendation in the investment of reserves section of the report is to contract with an investment manager, on a one-time basis, to develop a strategy which would maximize reserve yields.

b. OPERATIONS REPORT - (cont'd.)

Another important section in the report is on Cost Containment. Some of the areas which should be looked at more thoroughly are mandatory second opinion surgery, health awareness, and audit and concurrent review of hospitalization claims and stays. Plan redesign should also be considered to enhance benefits and facilitate administration.

6. APPEALS COMMITTEE - Commissioner Gaggero reported that there were no appeals during July.

7. OLD BUSINESS -

a. Interim Statistics and Comments on Member Questionnaire.

Mr. Smith reported updated figures on the questionnaire. There have been 1,617 responses to date. 555 from active members, 732 from retired employees with Medicare, and 286 from retired employees without Medicare. Overall, the five (5) most popular areas requested for benefit improvements, provided monies were available, are physician visits, hospitalization, annual physical examinations, dental care, and lab/x-ray coverage. In those areas where they would reduce benefits, if monies were not available; acupuncture, chiropractor services, alcoholism, routine immunizations and psychiatry were the top five choices. Mr. Smith indicated that a finalized report should be available by the September meeting and that hopefully this feedback from members will be useful when the Rates Committee contemplates benefit changes for next year.

b. Report on Special Enrollments.

Mr. Smith reported that he contacted all health plans and they were agreeable both to the special enrollment of nurses' dependents as well as of retirees who married after retirement. The nurses' special enrollment is currently underway during the month of August with coverage commencing September 8th. He suggested that the special enrollment for retirees be held during October with coverage effective December 1st. This would allow ample time to communicate this opportunity to retirees. The consensus of the Board was to proceed with an October special enrollment.

8. NEW BUSINESS -

a. Health Coverage for Domestic Partners.

President Johnson brought attention to a proposed ordinance by Supervisor Britt which would establish eligibility for 'domestic partners'. He directed the matter to the Rules Committee and asked Mr. Smith for the current status of the ordinance. Mr. Smith responded that the legislation is in the hands of the City Attorney who must comment on its legality and form. If the City Attorney determines that it would infringe upon rights given to the Health Service Board by Charter, then either a Charter amendment would be necessary or the Board would be approached for a rule change to allow the addition of this classification of dependents.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. 1,390 claims outstanding as of Monday morning as compared to 695 in the prior week. This backlog is caused by staff vacation. It is not a significant problem.

   b. The Membership makeup of the System as of July 1, 1982 was presented to the Board (Exhibit 'B'). Our membership increased by over 840 people during open enrollment to a total population of 71,178.

   c. The Ways and Means committee disagreed with the Senate Finance Committee on making the employers health plan primary over Medicare for employees between 65 and 69 years of age. If both measures pass, a Senate House conference committee will have to determine what will be in the final bill.

   d. The informational literature which was mailed with the new membership and drug cards has brought to the surface a problem occuring with pharmacists who will not fill a prescribed 90-day supply. The problem is either they are not cognizant of the 90-day provision in our Paid Prescription contract or that it is unprofitable for them to fill the prescription at the current professional fee being paid. Paid Prescription will make notice in their next bulletin to pharmacists of the 90-day provision in our contract. If the notification doesn't improve the situation, the Board should again consider use of mail order prescriptions. Mr. Smith also read into the record a letter (Exhibit 'C') from Mr. Leon Levy, owner of West Coast Pharmacy, expressing the need for an increase in the professional fee paid pharmacists.

   e. Peat, Marwick & Mitchell, the CPA firm, has begun their audit of the Health Service System. The audit will last through the month of September. This is the first outside audit conducted in ten (10) years.

President Johnson read into the record a letter from Mr. George Agnost, City Attorney, stating that in accordance with Charter Section 3.680, he was designating Assistant City Attorney, Victoria Hobel to attend all Health Service Board meetings and to act for him effective at the termination of the August 10, 1982 Board meeting. President Johnson expressed the thanks and regret of the Board to Commissioner Toomey.

Commissioner Toomey expressed his thanks to everyone for their support and kindness through the years. He felt that over seventeen years on one Board was long enough and that additional work in the City Attorney's office requires more of his time.

Mr. Frank Lucibello of the Retired Employees Association, through the chair, stated that Mr. Jaykee Ford, past President, wrote a letter thanking the Board for its support of Proposition D on the June ballot. He asked if the Board would again support Proposition D on the November ballot by a letter of support to the media. Commissioner Paretchan made a motion that a letter of support be sent, seconded by Commissioner Gaggero. There being no objections, it was so ordered.

10. There being no further business, the meeting was adjourned by President Johnson at 4:45 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR AUGUST 10, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for July 1982

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | FOR MONTH |
|---|---|---|---|
| Active Employees | $ 235,313 | $ 273,079 | 116% |
| Retired & Resigned | 118,844 | 127,958 | 107% |
| Adult Dependents | 162,471 | 192,338 | 118% |
| Minor Dependents | 74,485 | 105,288 | 141 % |
| TOTAL | $ 591,113 | $ 698,663 | 118% |
| (2) Major Medical | | | |
| Active Employees | $ 183,685 | $ 249,606 | 135% |
| Retired & Resigned | 249,629 | 219,677 | 88% |
| Adult Dependents | 127,397 | 233,324 | 183% |
| Minor Dependents | 11,536 | 138,942 | 1204% |
| TOTAL | $ 572,247 | $ 841,549 | 147% |
| (3) Prescription Drug Benefit | $ 112,044 | $ 114,755 | 102% |
| (4) Vision Care | $ 66,503 | $ 64,945 | 97% |
| (5) Total All Coverages | $1,341,907 | $1,719,912 | 128% |

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - SEPTEMBER 14, 1982 - 4:00 P.M.

# A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Katz, Robert A.
Hobel, Victoria Molinari, John L.
Paretchan, Harry

4. Minutes of Regular Meeting of August 10, 1982, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman: Joseph A. Gaggero

   a) Veronica Benson
   HSS #49257

   b) Lynn K. Goldanski
   HSS #68120-00

7. Old Business -

   a) Final Report on Member Survey

8. New Business

   a) Active Employees in Medicare - Rate Change

9. Executive Director's Report

10. Announcements

11. Adjournment

Randall B. Smith
RANDALL B. SMITH
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - SEPTEMBER 14, 1982 - 4:00 P.M.

Minutes

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE.

3. ROLL CALL:

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Johnson, F. Walter |
| | Gaggero, Joseph A. | Katz, Robert A. |
| | Hobel, Victoria | Paretchan, Harry |
| EXCUSED: | Molinari, John L. | |

President Johnson read into the record a letter from Commissioner Molinari advising that he would be unable to attend the meeting due to a conflicting meeting of the Civil Service and General Administration Committee and a subsequent meeting with the Mayor.

4. APPROVAL OF MINUTES -

Motion was made by Commissioner Gaggero and seconded by Commissioner Bernstein to approve the minutes of the Regular Meeting of August 10, 1982 as submitted and the motion was carried.

5. ACTUARIAL REPORT -

Mr. Grunsky, Rael & Letson reported that the experience for August is better than July but still higher than projected. He reminded the Board that the figures are not inclusive of the subsidies given by the Board. The Basic loss ratio for August was 112%, cumulative 115%; Major Medical was 112% for the month, 129% cumulative; the prescription drug benefit was 139% for the month and 119% cumulative; the vision benefit was 112% for the month and 104% cumulative; overall the experience reflects a 115% loss ratio for August and 121% year to date. (Exhibit 'A' attached)

Mr. Smith explained that there is one minor dependent accident case which is reflecting high expenditures in the minor dependent category. That case and the subsidy for the minor dependent category have resulted in a tremendously high loss ratio. Exhibit 'B' attached was presented reflecting the impact of the subsidy given year to date. Mr. Smith also pointed out that the prescription drug loss ratio for August was high because of the extra processing days during that monthly cycle. The extra processing days will occur during four months of the fiscal year and will be partially offset by the two months in which there are three biweekly pay periods. Commissioner Bernstein made a motion that the actuarial report be filed, Commisioner Gaggero seconded. It was ordered.

6. APPEALS COMMITTEE -

Commissioner Gaggero presented the recommendation of the Appeals Committee to deny the request of Veronica Benson to change health plans. Commissioner Bernstein made a motion to deny, Commissioner Gaggero seconded the motion, it was duly passed.

Commissioner Gaggero reported that the case of Lynn Goldanski has been continued to allow Mrs. Goldanski's attorney to submit additional information requested by the Committee.

7. OLD BUSINESS -

a) Final Report on Member Survey.

Mr. Smith reported the results of the member survey which was solicited from members in conjunction with the mailing of new membership and prescription drug cards. Significant points reported relative to the survey were that 11% of subscribers (1,674) responded to the survey; preventive medical services (annual physical exams and physician visits) were reflected as the most important both numerically and on a weighted basis. The category 'dental care' was rated number one overall on a priority basis, perhaps reflecting employees keen interest in provision of a dental plan. The question asked as to which benefits should be reduced if monies were not available resulted in a clear cut response from the membership; the four (4) categories of acupuncture treatment, routine immunizations, chiropractic treatment and alcoholism/drug addiction coverage (Survey-Exhibit 'C' attached). The survey and member comments will be available to the Rates and Benefit Committee during its deliberations for the 1983-84 fiscal year.

8. NEW BUSINESS -

Active Employees in Medicare - Rate Change.

Mr. Smith reported that the proposal to make the employer's health insurance primary for active employees age 65 to 69 was included in the recent tax bill passed by Congress and signed by the President. The new law will go into effect January 1, 1983. The change in law will require the Board to either submit an ordinance to the Board of Supervisors requesting approval of a rate change effective January 1 for the 213 employees affected or subsidize those employees until July 1, 1983. The cost to the System to subsidize would be approximately $9,000 in lost revenues from these members.

Commissioner Paretchan made a motion to subsidize the rates on these employees for the remainder of the 1982-83 fiscal year, Commissioner Gaggero seconded the motion. It was unanimously passed.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a) The outstanding claim count as of September 13, 1982 was 990 which represents approximately two (2) days backlog.

b) The Certificate of Deposit Report (Exhibit 'D') as of August 31, 1982 reflects an average current yield of 13.46% and an average yield fiscal year to date of 13.91%. Interest rates have fallen off considerably as indicated by a drop in average yield from 16.95% on August 31, 1981 to the current 13.46%. Interest revenue will probably not reach projected figures which will result in additional impact on the reserves of the System.

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

c) The implementation of the on-line computer system is being delayed until issuance of a report by EDP standardizing the computer hardware purchases of the City. They will select one vendor from whom they will purchase distributive processing computer equipment. The report is to be issued shortly. This development will push back the implementation date for the system.

d) The audit by Peat, Marwick & Mitchell is due November 1st and a report on that audit should be available for the November meeting.

e) The special enrollment opportunity for nurses during August resulted in only 21 employees adding dependents.

f) The response to the special enrollment to be held in October for retirees who married after retirement has resulted in approximately 20 applications to date. The notice of the enrollment was published in the Retired Employees Bulletin, Retired Teachers publication and the Retired Fireman and Police Officers bulletins.

10. ANNOUNCEMENTS -

President Johnson introduced Commissioner Victoria Hobel who is replacing Thomas Toomey as the City Attorney's designee on the Board.

President Johnson also read into the record a resolution (Exhibit 'E') of appreciation and commendation for Commissioner Toomey which he asked the Board to adopt. Commissioner Paretchan made the motion to adopt the Resolution, seconded by Commissioner Gaggero. It was unanimously adopted.

President Johnson announced changes in committee assignments caused by the departure of Commissioner Toomey. (Exhibit 'F')

A letter of support for Proposition D on the November ballot has been authored and will be sent to the media per the Board's adoption of a motion of support at the August meeting.

President Johnson read a letter from Mary C. Dunlap, attorney for Mary J. Becker thanking the Appeals Committee for the favorable decision in this case.

11. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned by President Johnson at 4:45 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT 'A'

REPORT BY ACTUARY FOR SEPTEMBER 14, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for July and August 1982

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 464,495 | $ 563,567 | 126% | 121% |
| Retired & Resigned | 235,277 | 257,944 | 111 | 109 |
| Adult Dependents | 324,477 | 349,718 | 97 | 107 |
| Minor Dependents | 151,142 | 187,496 | 107 | 124 |
| TOTAL | $1,175,391 | $1,358,725 | 112% | 115% |

(2) Major Medical

| | | | | |
|---|---|---|---|---|
| Active Employees | $ 364,721 | $ 433,661 | 101% | 118% |
| Retired & Resigned | 497,313 | 464,208 | 99 | 93 |
| Adult Dependents | 253,139 | 384,180 | 120 | 151 |
| Minor Dependents | 23,007 | 194,510 | 484 | 845 |
| TOTAL | $1,138,180 | $1,476,559 | 112% | 129% |

| | | | | |
|---|---|---|---|---|
| (3) Prescription Drug Benefit | $ 225,351 | $ 269,532 | 139% | 119% |
| (4) Vision Care | $ 122,035 | $ 127,339 | 112% | 104% |
| (5) Total All Coverages | $2,660,957 | $3,232,155 | 115% | 121% |

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10/12/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 12, 1982 - 4:00 P.M.

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# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Katz, Robert A.
Hobel, Victoria Molinari, John L.
Paretchan, Harry

4. Minutes of Regular Meeting of September 14, 1982, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business.

8. New Business
   a) Hospital Room and Board Survey - Quarterly Report

9. Executive Director's Report

10. Announcements

11. Adjournment

Randall B. Smith
RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 12, 1982 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:20 P.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL:

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Katz, Robert A. |
| | Gaggero, Joseph | Paretchan, Harry |
| | Johnson, F. Walter | |
| ABSENT : | Hobel, Victoria | |
| EXCUSED : | Molinari, John L. | |

President Johnson directed that the record show Commissioner Molinari excused due to attendance at the Board of Supervisors meeting.

4. APPROVAL OF MINUTES -

Motion was made by Commissioner Bernstein and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of September 14, 1982 as submitted and the motion carried.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported that the experience for September is more favorable than the past months. The Basic loss ratio cumulative decreased from 115% in August to 109%; the Major Medical decreased from 129% to 125%; the prescription drug experience decreased from 119% to 113%; the vision program increased from 104% to 107% and the overall program decreased from 121% to 116%. The early indications are that we will eat into our contingency reserves, even though when the rates were set an inflation factor of 20% was built into the program. (Exhibit 'A' attached)

Commissioner Gaggero asked if the two big accident cases were causing the high loss ratio? Mr. Smith replied that one of the cases is substantially reflected in the claims paid through September, however, the other case is not yet reflected in our expenditures. It should show in October and November figures. There is some possibility of third party liability recovery in the second case.

Mr. Smith reported that there is a $60,000 contribution adjustment reflected in the Basic experience because of the transition on the vision program from an insured to an administrative service only basis.

5. ACTUARIAL REPORT - (cont'd.)

A report was again presented reflecting the effect on the loss ratios of the subsidy provided in the rates. The overall program would be at 109% versus 116% without the subsidies. (Exhibit 'B' attached)

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that the Appeals Committee heard three appeals. The action taken was as follows:

a) Michael Williams - referred to another physician for confirmation of the medical necessity for a proposed operation.

b) Lynn Goldanski - put over to the November meeting for the purpose of providing additional medical information.

c) Roger Herrera - Commissioner Gaggero made a motion to adopt the recommendation of the Appeals Committee to deny the addition of Mr. Herrera's wife to his health plan. He was advised to seek individual coverage. Commissioner Bernstein seconded the motion. The motion passed unanimously.

7. OLD BUSINESS -

President Johnson announced that a meeting of the Rules Committee will be held sometime this month on the subject of domestic partners. Supervisor Britt's office requested notification of the meeting in order to attend and respond to questions raised by the proposal. The Health Plan contractors are also invited and will be notified of the meeting date.

8. NEW BUSINESS -

a) Hospital Room and Board Survey -

Mr. Smith reported that the quarterly survey for the period ending October 1st reflects an average semi-private room rate in San Francisco of $327 per day. The current major medical maximum is $315 per day (Exhibit 'C' attached). The question before the Board was whether any increase should be made in the major medical maximum at this time. Increases would be in $15.00 increments. Mr. Rael made the comment that this increase would be an additional cost on top of the adverse experience already seen. Commissioner Bernstein made a motion to not increase the rate at this time, seconded by Commissioner Gaggero. The motion carried unanimously.

9. EXECUTIVE DIRECTOR'S REPORT -

Mr. Smith reported the following:

a) The claim count reached 1,205 claims as of October 8th. The primary reasons for the high count are the absence of two processors and the impact of the auditors on the time of the processors.

b) The Certificates of Deposit report for the period ending September 30, 1982 reflected a drop to 13.14% in current yield. A Certificate of Deposit for $1,250,000 was renewed on September 8th at 11 3/8% after maturing at 14%. (Exhibit 'D' attached)

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

Commissioner Katz recommended that bids be solicited from various banks and investment counselors for a one-time analysis of long term investment vehicles that would enchance the ongoing yields of the System. President Johnson reported that the matter is being addressed.

c) The audit by Peat, Marwick and Mitchell is scheduled for completion in October with final financial statements issued November 1st. A management letter will be issued sometime in November which will make recommendations to improve accounting operations and internal controls.

d) 33 applications have been received on the special enrollment for retirees. 20 for the City Plan and 13 for Kaiser.

e) The Chamber of Commerce recommended a no vote on Proposition D on the November 2nd ballot.

f) The City Attorney is negotiating with the bonding company for CGM currently with the expectation that a resolution of the case will be accomplished before the October 19th trial date. The City Attorney will present his settlement proposal to the Board when and if a settlement is reached.

g) The Mayor will shortly be sending a letter to the Board on her appraisal of the Health Service System's achievements in the City Management by Objectives program. The program requires that each City department cite annual goals and objectives for their programs and then measures their success in meeting those objectives. The Health Service System has been on the program for one year.

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

There being no further business, the meeting was adjourned by President Johnson at 4:45 P.M.

Respectfully submitted:

Randall B Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR OCTOBER 12, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for July through September 1982

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 737,854 | $ 824,134 | 99% | 113% |
| Retired & Resigned | 382,503 | 415,903 | 107 | 109 |
| Adult Dependents | 489,603 | 501,619 | 92 | 102 |
| Minor Dependents | 230,078 | 259,595 | 91 | 109 |
| TOTAL | $ 1,840,037 | $2,011,250 | 98% | 109% |
| (2) Major Medical | | | | |
| Active Employees | $ 552,641 | $ 634,218 | 107% | 115% |
| Retired & Resigned | 746,295 | 664,837 | 81 | 89 |
| Adult Dependents | 380,398 | 566,330 | 143 | 149 |
| Minor Dependents | 34,878 | 282,244 | 739 | 809 |
| TOTAL | $ 1,714,213 | $2,147,630 | 116% | 125% |
| (3) Prescription Drug Benefit | $ 335,128 | $ 378,854 | 97% | 113% |
| (4) Vision Care | $ 183,816 | $ 197,582 | 114% | 107% |
| (5) Total All Coverages | $ 4,073,194 | $4,735,316 | 106% | 116% |

SF
H25
#2
11/9/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - NOVEMBER 9, 1982 - 10: A.M.

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# A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Katz, Robert A.
   Hobel, Victoria — Molinari, John L.
   Paretchan, Harry
4. Minutes of Regular Meeting of October 12, 1982, submitted for approval.
5. Actuarial Report - Mr. Juan B. Rael, Jr.
6. Appeals Committee - Joseph A. Gaggero, Chairman
7. Rules Committee - Abraham Bernstein, M.D., Chairman
   a. Report on 'Domestic Partnership'
8. Old Business
   a. Report on Special Enrollment for Retirees
9. New Business
   a. Presentation by S.F. Peer Review Organization, Inc. - Dr. William H. Moncrief, Jr.
10. Executive Director's Report
11. Announcements
12. Adjournment

Dist. 'C'

RANDALL B. SMITH
EXECUTIVE DIRECTOR

PLEASE NOTE CHANGE OF MEETING TIME

SF
H25
#3
11/9/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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Minutes

TUESDAY - NOVEMBER 9, 1982 - 10:00 A.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 10.00 A.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL:

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Katz, Robert A. |
| | Gaggero, Joseph | Molinari, John L. |
| | Johnson, F. Walter | Paretchan, Harry |
| EXCUSED: | Hobel, Victoria | |

4. APPROVAL OF MINUTES -

Motion was made by Commissioner Bernstein and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of October 12, 1982 as submitted and the motion carried.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson reported that the cumulative loss ratio for all categories on the medical plan is down from last month. The cumulative loss ratio for basic benefits decreased from 109% to 108%. Major Medical from 125% to 120%. The Prescription drug plan increased from 113% to 120% caused by extra days in the processing cycle, the Vision plan remained at 107% and the total program decreased from 116% to 114% (Exhibit 'A').

Mr. Smith mentioned the report given to each Board member reflecting the loss ratio without any subsidy. The overall loss ratio reflecting 107% without subsidy compared to 114% with the subsidy (Exhibit 'B'). He also stated that the loss ratio last year was 113% and that expenditures were running about 15% over last year to this point in the fiscal year.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that there were two (2) appeals during October.

1) Rosa Rankin - Requested transfer from the Children's Hospital Health Plan to the City Plan which the Committee recommends be denied.

2) Lynn Goldanski - The Committee recommends settlement on her claim for medical benefits by payment of $1,100 as agreed to by Mrs. Goldanski and her attorney.

Commissioner Gaggero made a motion to accept the recommendations of the Appeals Committee, seconded by Commissioner Bernstein. The motion passed unanimously.

7. RULES COMMITTEE -

Commissioner Bernstein reported the Rules Committee met on November 1, 1982, to hear testimony on the pending Ordinance on 'Domestic Partnerships' and its impact on the Health Service System. Testimony was heard from contractors and the public on the issue. He recommended that the Rules and Regulations not be changed to include domestic partners and asked his fellow committee members whether they supported or opposed that recommendation. Commissioner Gaggero and Commissioner Paretchan supported the recommendation.

Commissioner Bernstein made a motion that the Ordinance creating 'domestic partnerships' be opposed by the Health Service Board as it relates to the provision of health benefits. Commissioner Paretchan seconded the motion. The motion was unanimously adopted.

President Johnson stated that there would be a meeting of the Civil Service and General Administration Committee at 2:00 P.M. that afternoon with the proposed ordinance on their calendar. He urged all contractors and interested parties to attend.

NOTE: Commissioner Molinari arrived at this time and requested that he be shown as opposed to the motion. President Johnson so ordered.

8. OLD BUSINESS -

Mr. Smith reported that a total of 66 applications have been approved on the special enrollment for retirees and coverage will commence December 1st. Forty-one (41) applications were for Plan I, four (4) for Kaiser and one (1) for the Bay Pacific Health Plan.

9. NEW BUSINESS -

Mr. Smith stated that he asked SFPRO to appear at 10:30 AM not knowing the length of time needed for previous items.

Commissioner Molinari requested that the Board hear from Mr. Matt Coles on the domestic partnership ordinance at this time. President Johnson so ordered.

Mr. Coles stated that problems addressed by the contractors at the Rules Committee meeting relative to adverse selection have been addressed in that amendments have been made to allow the Health Service System to require that domestic partnerships be in existence for one year before eligibility and that an action can be taken if a case of fraud were to develop. He requested that the Board reconsider its vote on the ordinance. There was no motion to reconsider.

Commissioner Molinari expressed his feeling that there should be an innovative approach to the issue; that if one does not try something they will never find out if it will work.

Gerald Gallagher, President of Retired Employees Association said that the health plan providers stated at the Rules Committee that their proposal could affect rates now charged for health benefits. The Retired Employees are opposed purely from the point that this legislation may affect their benefits or rates.

President Johnson recessed the meeting for five minutes at this point.
NOTE: Commissioner Molinari left the meeting at this point.

The meeting was reconvened by President Johnson who took the Executive Director's report out of order since SFPRO had not yet arrived.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The outstanding claim count as of Monday was 456 claims; a one day backlog.

b. The Certificates of Deposit reflect another reduction in average current yield from 13.14% in October to 12.71% currently. (Exhibit 'C' attached)

c. Proposition D to provide City subsidy for surviving spouse health costs failed by 774 votes - 94,261 yes and 95,035 no votes.

d. The audit by Peat, Marwick and Mitchell is now being completed and a representative of the firm will be at the December meeting to present financial statements and an accompanying management letter with recommendations to enhance accounting and audit systems.

e. A letter requesting a proposal for a one-time investment analysis to increase yields on the reserves of the System will be sent out shortly.

11. ANNOUNCEMENTS -

President Johnson recognized Gerald Gallagher, President of Retired Employees Association who thanked the Board on behalf of the association for their support of Proposition D on the November ballot.

9. NEW BUSINESS - (cont'd.)

Jo Ellen Hylind, Executive Director of S.F. Peer Review Organization, Inc., presented a summary of the cost containment services provided by SFPRO including elective surgery pre-admission review, concurrent hospital review and data collection on hospital costs. Pre-admission review certifies the medical need of elective surgery hospitalization; concurrent review of medical records while in the hospital determines the need for continued hospitalization, this is usually done every three (3) days; the hospital data collection program collects 25 elements on every patient including patient, diagnostic and procedural data. This program can be either advisory or mandatory.

Commissioner Bernstein felt that there has to be some type of curb on medical costs and that physician review of physicians is the most effective. He is in favor of this type of program.

NOTE: Commissioner Bernstein left the meeting at this point.

Dr. Moncrief, President of the S.F. PRO, Inc. stated that the criteria for their review process was established by physicians and any denial is done on a physician to physician basis. The organization represents about 2,000 physicians in the community. The SFPRO Board also has representatives from hospital administrators, trustees and laymen interested in the health care field. Ms. Hylind stated that SFPRO had been in business for seven (7) years dealing with Medicare and Medi-Cal cases. The Medi-Cal review system saved $7.80 for every $1 spent on review. SFPRO charges a fee of $25 per discharge. Cost of the program is projected at around $27,000 per year in San Francisco only.

Mr. Smith requested a motion that he negotiate a contract with SFPRO that he would bring back to the Board at the December meeting for a resolution to engage the services of SFPRO. Commissioner Katz suggested an initial term of six (6) months to determine if any tangible results can be seen by the use of the program. Commissioner Paretchan made the motion, Commissioner Gaggero seconded the motion. The motion passed unanimously.

12. ADJOURNMENT -

There being no further business, the meeting was adjourned by President Johnson at 11:20 A.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR NOVEMBER 9, 1982

MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for July through October 1982

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 987,717 | $ 1,120,675 | 115% | 113% |
| Retired & Resigned | 502,455 | 514,661 | 82 | 102 |
| Adult Dependents | 662,872 | 647,255 | 84 | 98 |
| Minor Dependents | 311,762 | 381,991 | 150 | 123 |
| TOTAL | $ 2,464,806 | $ 2,664,582 | 105% | 108% |
| (2) Major Medical | | | | |
| Active Employees | $ 751,593 | $ 898,438 | 133% | 120% |
| Retired & Resigned | 997,821 | 810,619 | 58 | 81 |
| Adult Dependents | 513,124 | 735,980 | 128 | 143 |
| Minor Dependents | 47,020 | 316,492 | 282 | 673 |
| TOTAL | $ 2,309,559 | $ 2,761,529 | 103% | 120% |
| (3) Prescription Drug Benefit | $ 450,494 | $ 538,871 | 139% | 120% |
| (4) Vision Care | $ 247,653 | $ 265,885 | 107% | 107% |
| (5) Total All Coverages | $ 5,472,512 | $ 6,230,867 | 107% | 114% |

RAEL & LETSON

*Consulting Actuaries*

SF
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2/14/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - DECEMBER 14, 1982 - 4:00 P.M.

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# A G E N D A

1. Call to Order.
2. Pledge of Allegiance
3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Katz, Robert A.
   Hobel, Victoria — Molinari, John L.
   Paretchan, Harry
4. Minutes of Regular Meeting of November 9, 1982, submitted for approval.
5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson
6. Appeals Committee - Joseph A. Gaggero, Chairman
7. Old Business
   a. Status Report on ordinance to create 'Domestic Partnerships'.
   b. Consideration of Resolution to engage the services of SFPRO, Inc.
   c. Status Report on Computer System Upgrade
8. New Business
   a. 1981-82 Annual Audit - Peat, Marwick, Mitchell & Co.
   b. Consideration of Resolution amending contract with Rael & Letson
9. Executive Director's Report
10. Announcements
    a. Set date of Annual Meeting
11. Adjournment
12. Executive Session - Litigation

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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#3
12/14/82

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - DECEMBER 14, 1982 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL:

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Johnson, F. Walter |
| | Gaggero, Joseph | Katz, Robert A. |
| | Hobel, Victoria | Paretchan, Harry |
| ABSENT : | Molinari, John L. | |

4. APPROVAL OF MINUTES -

The minutes of the November 9, 1982 meeting were submitted for approval. Commissioner Gaggero made a motion that the minutes be corrected to reflect that the vote on the issue of domestic partnerships be shown as 5 to 0 in opposition as Commissioner Molinari was not on the floor when the vote was taken. Commissioner Bernstein seconded Commissioner Gaggero's motion. President Johnson directed that the minutes be corrected to reflect a 5 to 0 unanimous vote of opposition with a note that Commissioner Molinari arrived after the vote and requested that the record show that he was in favor of the provision of health benefits for domestic partners. There being no objections, the minutes were adopted as corrected.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson reported that November was the first month of the fiscal year with less than a 100% loss ratio primarily caused by a three (3) biweekly revenue period. The overall loss ratio for the month was 97% and 110% fiscal year to date. The overall year to date was down from 114% last month. The Basic plan was 81% for the month and 102% year to date. Exhibit 'A' reflects the experience for the entire program in all classifications. Commissioner Katz asked whether the minor dependent loss ratio of 1079% was caused by any particular shock claims. Mr. Smith stated that substantial dollars ($85,000) were expended during November on one of the accident cases reported at previous meetings. These extraordinary expenditures throw the experience more askew than it normally would be even though there are substantial subsidies in the minor dependent rate. Mr. Smith brought to the attention of the Board Exhibit 'B' reflecting the amount of subsidies and their impact on the loss ratios.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that there were no appeals during the month of November.

7. OLD BUSINESS -

a) Ordinance on 'Domestic Partnerships' -

Mr. Smith reported that the Board of Supervisors at its meeting on Monday, December 13 did not act on the Mayor's veto but did calendar action on the measure to their January 3rd meeting with the subject matter being referred back to committee for further hearing. A hearing is supposed to be held between now and the January 3rd meeting. Mr. Smith stated that listening to the Board of Supervisors meeting yesterday, one could ascertain that there is a lack of understanding and a lot of misinformation relative to the impact of the proposed legislation on the Health Service System. An in-depth educational process must be begun to make all interested parties aware of why the Health Service Board has taken the position of opposition to this legislation.

Commissioner Katz stated that he agreed with Mr. Smith that there has been much confusion on the issue of costs to include a new and unique class of dependent. He suggested that the Board submit a detailed and historical report showing the adverse selection that the System currently experiences. The Board should show the financial impact on existing members and the increasing costs borne by those members because of the lack of contribution on the part of the City. We should also reflect that all contractors have stated that there will be a surcharge if this new class of dependent were to be included.

President Johnson asked that Commissioner Katz serve on an ad hoc committee to prepare a position letter. Commissioner Katz agreed to serve as did Commissioner Hobel. There being no objection, it was so ordered that an in-depth letter be prepared and submitted to the Board of Supervisors.

b) Resolution engaging services of San Francisco Peer Review Organization, Inc. -

President Johnson stated that the Board has a Resolution before them to engage SFPRO, Inc. for an initial term of six (6) months commencing January 1, 1983 at a fee of $25 per inpatient discharge (Exhibit 'C').

Commissioner Hobel asked what the incentives to the doctors would be to conform to this review process? Mr. Smith stated that in those elective surgery cases covered by prospective review the physician has to call the hospital to set up an appointment for patient admission. The hospital has a contract with SFPRO which dictates that the hospital remind the physician to obtain pre-authorization prior to admission. The fact that physicians are reviewing physicians also makes the program more palatable to the medical community. Commissioner Paretchan made a motion to engage the services of SFPRO, Inc., Commissioner Gaggero seconded the motion. There being no objection, it was so ordered.

c) Status report on computer system upgrade -

Mr. Smith reported that there was finally movement on bringing up our on-line system. The monies were appropriated last June but the project has been held up pending issuance of a City wide report by EDP selecting one vendor from whom the City would purchase standardized distributive processing equipment. The Wang

7. OLD BUSINESS - (cont'd.)

Corporation has been selected as the vendor for the City and County after an intensive study of distributive processing computer firms. The Health Service System will be the pilot project for the City which would indicate an extra incentive on the part of the Wang Corporation and EDP to make this a successful project. Exhibit 'D' reflects the proposed schedule for implementation.

The in-house project team has already been selected and the external specifications are being started at this moment. The hardware which is projected to cost around $130,000 annually will be ordered around January 1st. The facility will be prepared to receive the hardware in February and the hardware will be installed in the middle of March. Internal testing will commence toward the end of March; staff training and system testing in April with Membership scheduled to be brought on-line by May 1st and Claims by July 1, 1983.

8. NEW BUSINESS -

a. 1981-82 Annual Audit -

President Johnson stated that the auditors, Peat, Marwick, Mitchell & Co., requested that their comments on the audit be deferred to the January meeting because the management letter was not yet completed due to personnel commitments to work on the deadline for the City wide financial statements. There being no objection that item was ordered deferred to the January meeting.

b. Resolution amending contract with Rael & Letson -

President Johnson stated that the resolution increases the retainer fee to Rael & Letson effective January 1, 1983. Commissioner Gaggero made the motion to adopt the Resolution, Commissioner Paretchan seconded the motion. There being no objection, it was so ordered. (Exhibit 'E')

9. ANNOUNCEMENTS -

a. The annual Meeting of the Health Service Board will be held on Thursday, January 20, 1983, at 6:00 P.M. in the Board of Supervisors Committee Room 228.

b. Commissioner Katz announced there would be a Rate Committee meeting on Tuesday, December 21st at 10:00 A.M. in the Board Meeting room.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a) The Certificates of Deposit (Exhibit 'F') report reflects another decline in average current yield to 12.35% and average yield fiscal year to date of 13.20%. As requested by Commissioner Paretchan at the last meeting, the average current yield for each month of the fiscal year is reflected on the report. Letters to Citi-Corp Investment Co. and McMorgan & Co. relative to a one-time investment analysis were returned with the comment that they do not do one-time analyses. A letter is being sent asking what their on-going service involves and its cost. A report will be made on their response at the January meeting if a response is received by that date.

b) The outstanding claims count was 735 as of December 10th, approximately one and a half (1½) days backlog.

10. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

c) The Medicare inpatient deductible will increase from $260 to $304 effective January 1, 1983. The Part B deductible of $75 will remain the same. The Part B premium will increase from $12.20 to $13.70 effective July 1, 1983.

d) The Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 requires employers of more than twenty (20) employees to provide primary insurance coverage for employees between 65 and 69 years of age. The System is making arrangements to conform to the law as of January 1, 1983.

e) The change in payroll deductions for Nurses who carry dependents will be reflected on their paychecks for pay period 1, ending January 11, 1983.

f) The Bay Area Consumer Price Index rose only 1.8% between October, 1981 and October, 1982, however, the medical cost component of the CPI increased 10.5% during that same period evidencing how uncontrollable medical costs have been.

g) A communication was received from a new organization being formed called State and Local Government Benefit Association. The new organization's main objectives are:

1) to promote cost containment and efficient management of benefit plans;

2) to familiarize administrators with current developments in life insurance and health care industries;

3) to encourage the use of common concepts of insurance, life and health insurance benefit management and workers compensation;

4) and to serve as a clearinghouse of information for the benefit of management in the nonfederal public sector.

Mr. Smith requested that he be allowed to pursue membership in the organization if fiscally practical. There was no objection from the Board.

h) A communication from the California Pharmaceutical Association was received detailing a study reflecting that the average retail dispensing fee in California was $6.22 compared to our and Medi-Cal's current $3.60 dispensing fee. Mr. Smith said he would refer the correspondence to the Rate Committee for review.

i) The response from S.F. hospitals has been encouraging relative to our inquiry about a negotiated fee for hospital services. He would report to the Board and Rate Committee at subsequent meetings on his progress.

11. ADJOURNMENT -

There being no further business, the meeting was adjourned by President Johnson at 5:05 P.M. The Board subsequently went into executive session on pending litigation cases.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT 'A'

REPORT BY ACTUARY FOR DECEMBER 14, 1982
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for July through November 1982

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 1,319,578 | $ 1,345,940 | 68% | 102% |
| Retired & Resigned | 617,359 | 619,132 | 91 | 100 |
| Adult Dependents | 872,551 | 835,145 | 90 | 96 |
| Minor Dependents | 417,099 | 480,978 | 94 | 115 |
| TOTAL | $ 3,226,587 | $ 3,281,195 | 81% | 102% |
| (2) Major Medical | | | | |
| Active Employees | $ 1,015,606 | $ 1,131,965 | 88% | 111% |
| Retired & Resigned | 1,244,758 | 991,582 | 73 | 80 |
| Adult Dependents | 666,234 | 944,332 | 136 | 142 |
| Minor Dependents | 62,657 | 485,268 | 1079 | 774 |
| TOTAL | $ 2,989,255 | $ 3,553,147 | 116% | 119% |
| (3) Prescription Drug Benefit | $ 579,492 | $ 659,320 | 93% | 114% |
| (4) Vision Care | $ 322,145 | $ 335,800 | 94% | 104% |
| (5) Total All Coverages | $ 7,117,479 | $ 7,829,462 | 97% | 110% |

RAEL & LETSON
*Consulting Actuaries*

SF
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#2
1/11/83

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - JANUARY 11, 1983 - 4:00 P.M.

# A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
   Gaggero, Joseph A. Katz, Robert A.
   Hobel, Victoria Molinari, John L.
   Paretchan, Harry
4. Minutes of Regular Meeting of December 14, 1982, submitted for approval.
5. Actuarial Report - Mr. Juan R. Rael, Jr., Rael & Letson
6. Appeals Committee - Joseph A. Gaggero, Chairman
7. Rates Committee - Robert A. Katz, Chairman
8. Old Business -
9. New Business -
   a) 1981-82 Annual Audit - Peat, Marwick, Mitchell & Co.
   b) Certification of average contribution of ten most populous counties for 1983-84 fiscal year.
   c) Hospital room and board survey - quarterly report.
   d) Policy on admission or continuance of Municipal or Superior Court judges.
10. Executive Director's Report -
11. Announcements -
12. Adjournment -

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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1/11/83

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JANUARY 11, 1983 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Gaggero, Joseph
Hobel, Victoria
Johnson, F. Walter
Katz, Robert A.
Paretchan, Harry

EXCUSED: Bernstein, Abraham, M.D.
Renne, Louise

4. APPROVAL OF MINUTES -

Minutes of regular meeting of December 14, 1982, submitted for approval. Motion was made by Commissioner Paretchan and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of December 14, 1982 as submitted and the motion carried.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported that the six months experience upon which the rates for 1983-84 are based reflect an overall loss ratio of 111%. The Basic plan reflects 104% for the month and 102% cumulative, Major Medical 135% for the month and 121% cumulative, Prescription drug at 101% for the month and 112% cumulative, vision benefit at 109% for the month and 105% cumulative, with an overall program loss ratio of 117% for the month and 111% for the year to date with approximately 8.5 million dollars in contributions. Expenditures exceed contributions by almost 1 million dollars for the first six (6) months without consideration of subsidies (Exhibit 'A').

Mr. Smith added that with consideration of subsidies the loss ratio would reflect an overall 104% expenditures to revenues (Exhibit 'B'). He also presented an exhibit (Exhibit 'C') reflecting the increase in expenditures for the first six (6) months this year versus last year. Significant increases were reflected for hospitalization costs such as 23% for active employees, 22% for adult dependents and 48% for minor dependents. Overall expenditures reflected a 17% increase with over 55% every dollar being expended for hospitalization services.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that there was one appeal by Elizabeth Kennard requesting the addition of a dependent grandchild. The committee recommends approval of the request and Commissioner Gaggero made a motion to that effect. Seconded by Commissioner Paretchan, the motion passed unanimously.

7. RATES COMMITTEE -

Commissioner Katz reported that the Rate Committee met on December 21st and considered a number of benefit changes. Seventeen (17) items were considered by the Committee and only three (3) will not be given further consideration at this point. They are elimination of 2nd and 3rd deductible office visits, physical exam every two (2) years and maternity benefits for dependent children. Some of the major changes being considered are reduction of the major medical co-payment from 85% to 80% and an increase in the deductible from $75 to $100. (Exhibit 'D') These benefit changes have to be considered in lieu of the fact that the System lost approximately $870,000 last year and is losing on the order of $300,000 after six months of the current fiscal year.

Another significant recommendation of the Committee is that a special committee be formed to study a proposal to change the formula by which the City contributes to health insurance for its employees. The objective would be to put a proposal before the electorate next November. He asked who on the Board would be willing to serve on this committee. Commissioners Gaggero and Hobel volunteered.

8. OLD BUSINESS -

None

9. NEW BUSINESS -

a. 1981-82 Annual Audit - Peat, Marwick, Mitchell and Co. -

Mr. Stevens, Financial Manager for the Controller, mentioned that the Controller in his effort to bring the City's financial records into accord with nationally recognized auditing standards, has prepared a Comprehensive Financial Report for all City entities. Included among those entities is the Health Service System. Mr. Snyder of Peat, Marwick discussed the general highlights of the audit which is made up of the financial report and an accompanying management letter. The Statement of Net Assets report reflects significant amounts as of June 30, 1982, such as 7.5 million dollars in cash assets and a net cash assets available of 2.9 million dollars (Exhibit 'E') to carry forward into 1982-83 after accounting for liabilities. The Statement of Changes in Net Assets for 1981-82 reflected a negative change of approximately $870,000 (Exhibit 'F'). Mr. Bob Westermark presented the management letter which is intended to improve financial operations or create more control over financial operations. There were no material problems found in the Health Service financial operations. The major recommendations of Peat, Marwick are that the Health Service fully intergrate its financial operations into the City's Financial Accounting and Management Information System (FAMIS) and also go to reporting on an accural basis rather than a cash basis.

9. NEW BUSINESS - (cont'd.)

b. Certification of Average Contribution of Ten Most Populous Counties -

Mr. Smith reported that the average contribution came to $64.82 per month for employee only exclusive of optical and dental care. This represents a 17% increase over the current year contribution of $55.23.

The survey also reflected that the average contribution of the ten counties for an employee and one dependent was approximately $105 per month and for an employee and two or more dependents approximately $119 per month. It also reflected that all counties contributed and provided for a dental plan although San Diego only contributes if an employee waives medical coverage (Exhibit 'G').

Mr. Smith requested that the Board adopt a resolution certifying to the Board of Supervisors the amount of $64.82 per month as the amount that the City and County shall contribute for each eligible employee for the 1983-84 fiscal year. A motion to adopt the resolution was made by Commissioner Paretchan, seconded by Commissioner Gaggero. The motion passed unanimously.

c. Hospital Room and Board Survey - Quarterly Report -

Mr. Smith reported that the average room and board rate in San Francisco as of January 1st is $338. We currently allow $315, which means that we are asking our members to pay our of pocket a considerable amount of money, especially if they are confined to those hospitals with rates much higher than $315. He recommended an increase to $330 if not $345. Mr. Rael expressed concern over the cost of the benefit especially in light of the System's losses. He suggested that we quantify the additional cost of this benefit and reconsider it at next month's Board meeting. It was the consensus of the Board to defer any action until the next meeting (Exhibit 'H')

d. Policy Question on Membership of Municipal and Superior Court Judges -

Mr. Smith reported that three (3) recent cases involving individual judges and the request by some Superior Court judges to enroll in the City System has brought to light a need for the Board to set a policy on membership for judges. Since the City Attorney has determined that judges are not City employees or officers and should be in the State System, there are three (3) issues on which the Board should set policy: 1) whether judges who have no prior affiliation with the System should be allowed voluntary membership?, 2) whether to continue the policy of allowing judges who were City employees and currently in the System voluntary membership if they so wish? and 3) whether retiring judges who are not qualified as retired City employees be allowed to continue as voluntary members at the contract rate?

Commissioner Gaggero made a motion to allow judges who were City employees to continue membership in the System, seconded by Commissioner Paretchan. The motion passed unanimously.

Commissioner Katz made a motion to allow retiring judges continued membership at the contract rate, seconded by Commissioner Gaggero. The motion passed unanimously.

Commissioner Gaggero made a motion that judges who have no prior membership not be allowed in the System on a voluntary basis. Commissioner Paretchan seconded the motion. The motion passed unanimously.

10. EXECUTIVE DIRECTOR'S REPORT -

Mr. Smith reported the following:

a. The Certificates of Deposit report reflects the same yields as November since no Certificate of Deposit matured during December (Exhibit 'i'). Interest has been received for the second quarter bringing interest received to over $331,000 for the fiscal year to date. A letter has been received from McMorgan & Co. reflecting an annual administrative cost of approximately $7,500 to $10,500 on a $3 million portfolio. We are still awaiting a response from Citi-Corp Investment Corporation.

b. New legislation is being proposed on domestic partnerships which would set up a registration system but would leave the issue of health coverage to a study by the Health Service Board to determine the feasibility of a financially and actuarily sound plan for inclusion of domestic partners.

c. Six hundred twenty-four (624) claims were outstanding as of January 10th.

d. The 1983-84 budget process is commencing with a budget submission deadline date of March 1st to the Controller.

e. He will be attending a week long City sponsored seminar titled 'Managing Motivation for High Performance' between January 31 and February 4th. The seminar is paid for by Transamerica Corporation.

f. He requested a resolution of the Board to expend $395 to attend a health care cost containment seminar sponsored by the Health Research Institute on January 26 and 27. Commissioner Katz made the motion, seconded by Commissioner Paretchan. The motion passed unanimously (Exhibit 'J').

g. The plan to implement benefit changes for active employees between 65 and 69 in Medicare has been deferred until March 1, 1983 on all employers by EEOC because of confusion on guidelines to implement the TEFRA law change.

h. All contractors have complied with the deadline of January 10 to submit their rates for 1983-84. The rates average a 15 to 20% increase.

i. The CPI for the U.S. for twelve (12) months ending in November was 4.5%, the medical cost component was 11% and the hospital room rate was 13.8% attesting to the tremendous increases in medical care costs.

President Johnson brought to the attention of the Board a letter and itemized invoice from Philip J. Kearney, requesting payment of $5,850 for services as an expert witness in the case of the City and County of San Francisco vs. CGM Enterprises, Inc. After discussion, a motion was made by Commissioner Paretchan to adopt a resolution to pay $5,850 for Mr. Kearney's services, seconded by Commissioner Gaggero. The motion passed unanimously (Exhibit 'K').

11. ANNOUNCEMENTS -

President Johnson announced that the Annual Meeting of the Health Service Board will be held on January 21, 1983 at 6:00 PM in Room 228, City Hall.

Commissioner Paretchan requested that the matter of setting up a system to allow dependents who lose their jobs a way to enroll in the System at other than open enrollment be referred to the Rules Committee for consideration.

11. ANNOUNCEMENTS - (cont'd.)

Mr. Jerry Hill introduced Mr. Kendall Phelps who is the French Hospital Health Plan administrator.

12. ADJOURNMENT -

There being no further business, President Johnson directed that the meeting be adjourned in memory of Dr. Henry Bernstein, brother of Commissioner Bernstein and that a letter be directed to Commissioner Bernstein advising him of this action.

The meeting was adjourned at 6:05 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR JANUARY 11, 1983
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for July through December 1982

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 1,559,850 | $ 1,621,091 | 115% | 104% |
| Retired & Resigned | 731,790 | 745,913 | 106 | 102 |
| Adult Dependents | 1,038,427 | 980,090 | 90 | 94 |
| Minor Dependents | 495,417 | 555,322 | 95 | 112 |
| TOTAL | $ 3,825,484 | $ 3,902,416 | 104% | 102% |
| (2) Major Medical | | | | |
| Active Employees | $ 1,207,207 | $ 1,345,251 | 111% | 111% |
| Retired & Resigned | 1,490,897 | 1,291,520 | 122 | 87 |
| Adult Dependents | 795,888 | 1,176,344 | 179 | 148 |
| Minor Dependents | 74,268 | 520,731 | 305 | 700 |
| TOTAL | $ 3,568,260 | $ 4,333,846 | 135% | 121% |
| (3) Prescription Drug Benefit | $ 691,740 | $ 722,480 | 101% | 112% |
| (4) Vision Care | $ 383,928 | $ 403,117 | 109% | 105% |
| (5) Total All Coverages | $ 8,469,412 | $ 9,411,859 | 117% | 111% |

RAEL & LETSON
*Consulting Actuaries*

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2/8/83

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - FEBRUARY 8, 1983 - 4:00 P.M.

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# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Katz, Robert A.
   Hobel, Victoria — Paretchan, Harry
   Renne, Louise

4. Minutes of Regular Meeting of January 11, 1983, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Commissioner Gaggero, Chairman

7. Rates Committee - Commissioner Katz, Chairman
   a. Recommendations on Rates and Benefit Changes for 1983-84 fiscal year.

8. Old Business -
   a. Reconsideration of increase in major medical maximum on hospital Room and Board.

9. New Business -

10. Executive Director's Report

11. Announcements -

12. Adjournment -

Randall B. Smith
RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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4/8/83

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - FEBRUARY 8, 1983 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Hobel, Victoria
Johnson, F. Walter
Katz, Robert A.
Paretchan, Harry
Renne, Louise

4. APPROVAL OF MINUTES -

Minutes of regular meeting of January 11, 1983, submitted for approval. Motion was made by Commissioner Bernstein and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of January 11, 1983, as submitted and the motion carried.

5. ACTUARIAL REPORT -

Mr. Rael reported that the January, 1983 loss ratio is 104%, and 110% for the fiscal year overall. The 1983-84 rates are predicated on the first 7 months experience (Exhibit 'A' attached).

6. APPEALS COMMITTEE -

Commissioner Gaggero reported the following recommendations on submitted appeals:

1) Abe Papkoff be allowed to continue health service coverage after retirement waiving the five-year aggregate membership requirement for individuals who have been in exempt status.

2) Charles H. Ford be reinstated to Plan I after payment of 90 days in delinquent contributions.

3) Thomas Williams be reinstated to Plan II after payment of 90 days in delinquent contributions.

4) Donnell Reid be reinstated to Plan II upon his return to work on February 24, 1982.

5) Waiver of the one year limit on submission of medical claims for various members. Claims submitted totaled $1,665.

6. APPEALS COMMITTEE - (cont'd.)

Commissioner Paretchan made a motion to adopt the Appeals Committee recommendations. Commissioner Bernstein seconded the motion. The motion was adopted unanimously.

7. RATES COMMITTEE -

Commissioner Katz reported the recommendations of the Rate Committee for the City Plan. Exhibit 'B' attached reflects the current and proposed contract and contribution rates for Plan I which were arrived at after various benefit modifications made necessary by the extremely high rates reflected by the claims experience for the first 7 months. Those rates unmodified are shown on Exhibit 'C'. It was the consensus of the Committee that the raw rates were not economically commensurate with City employees ability to pay as well as uncompetitive with the prepaid plans. The Committee is therefore recommending a number of benefit changes which will bring the contribution rates down to an acceptable level. The benefit changes recommended and their impact on the rate charged to each category is enumerated on Exhibit 'B' and 'C'. The Committee also recommended that a rate subsidy of $25 per month be provided to the family rate and $10 per month to the surviving spouse - no Medicare rate. This subsidy would cost approximately $720,660 and would be primarily financed from interest earnings of the System.

Note: President Johnson left the meeting during discussion of this item and turned the meeting over to Commissioner Paretchan.

After discussion about the financial impact of the subsidy on the reserves of the System, as well as the impact of current year losses, and the detail basis upon which the rates were formulated, it was the consensus of a majority of the Board to postpone action on Plan I rates until questions relative to the finances of Plan I could be answered satisfactorily. Commissioner Hobel made the motion to postpone adoption of the Plan I rates and benefits. Commissioner Renne seconded the motion. The motion was adopted by a vote of 4 to 2.

Commissioner Katz reviewed the contract and contribution rates and benefit changes for Plans II to V shown on Exhibit 'D'. Commissioner Gaggero made a motion to adopt the rates and benefit changes for Plans II, III, IV and V. Commissioner Bernstein seconded the motion. The motion passed unanimously.

8. OLD BUSINESS -

a) Reconsideration of Increase in Major Medical Maximum on Hospital Room Rates.

Mr. Smith reported that the cost projections based on our six months experience January-June, 1982, reflect that it would cost approximately $20,456 to raise the major medical maximum $15 for the remaining 4 months of the fiscal year ($25,570 for five months) and $37,800 for 4 months to raise it $30 to $345 ($47,250 for 5 months). Commissioner Bernstein made a motion to defer consideration on increasing the room rate maximum. Commissioner Hobel seconded the motion. The motion carried.

9. NEW BUSINESS -

a) Employee Relations has requested a response to those proposals of SEIU affecting the Health Service System. They include annual physicals, alcohol and drug program at no cost to employees and dependents; various cost containment proposals and a dental plan. It was the consensus of the Board that the SEIU proposals should be negotiated directly with the Health Service Board and not Employee Relations Division.

10. EXECUTIVE DIRECTOR'S REPORT -

Mr. Smith reported the following:

a) The Certificates of Deposit report reflects average yield of 11.53%; yield fiscal year to date of 12.84%, and interest collected of $338,169.61 (Exhibit 'E').

b) 689 claims were outstanding as of February 7th.

c) Attended two-day cost containment workshop which was beneficial. Major emphasis on wellness programs. A report on the workshop will be prepared.

d) The implementation of the TEFRA law on active employees in Medicare has been deferred. EEOC is squabbling with OMB over implementation guidelines. Final guidelines are due out at end of February.

11. ANNOUNCEMENTS -

President Pro-Tem Paretchan recognized Miriam Steinbeck who announced that there will be a hearing on February 24th at 101 Grove to hear public comments on proposed Medicare changes. The hearing is being held by an advisory commission to Congress.

President Paretchan received a letter from the Retirement System announcing the retirement of Daniel Mattrocce effective March 1, 1983. He directed that an appropriate resolution be drafted for adoption by the Board.

12. ADJOURNMENT -

There being no further business before the Board the meeting was adjourned at 5:45 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR FEBRUARY 8, 1983
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for July 1982 through January 1983

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 1,815,875 | $ 1,896,096 | 107% | 104% |
| Retired & Resigned | 850,978 | 857,084 | 98 | 101 |
| Adult Dependents | 1,213,306 | 1,142,781 | 90 | 94 |
| Minor Dependents | 578,584 | 633,829 | 94 | 110 |
| TOTAL | $ 4,458,743 | $ 4,529,790 | 99% | 102% |
| (2) Major Medical | | | | |
| Active Employees | $ 1,411,514 | $ 1,563,112 | 106% | 111% |
| Retired & Resigned | 1,743,980 | 1,499,242 | 82 | 86 |
| Adult Dependents | 932,585 | 1,368,402 | 140 | 147 |
| Minor Dependents | 86,597 | 565,599 | 364 | 653 |
| TOTAL | $ 4,174,676 | $ 4,996,355 | 109% | 120% |
| (3) Prescriptions Drug Benefit | $ 809,428 | 905,105 | 113% | 112% |
| (4) Vision Care | $ 449,095 | $ 457,380 | 83% | 102% |
| (5) Total All Coverages | $ 9,891,942 | $10,888,630 | 104% | 110% |

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3/8/83

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MARCH 8, 1983 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Johnson, F. Walter
Gaggero, Joseph A. Katz, Robert A.
Hobel, Victoria Paretchan, Harry
Renne, Louise

4. Minutes of Regular Meeting of February 8, 1983, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Commissioner Gaggero, Chairman

7. Budget Committee - Commissioner Paretchan, Chairman
   a. 1983-84 Budget Request

8. Rates Committee
   a. Adoption of Plan I rates and benefits

9. Rules Committee - Commissioner Bernstein, Chairman
   a. Recommendations on Plan I Rules of Coverage Changes 1983-84.
   b. Recommendations on Rules and Regulations Changes 1983-84.

10. Old Business -

11. New Business -

12. Executive Director's Report -

13. Announcements -

14. Adjournment -

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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#3
3/8/83

Minutes

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - MARCH 8, 1983 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Johnson, F. Walter |
| | Gaggero, Joseph A. | Katz, Robert A. |
| | Hobel, Victoria | Paretchan, Harry |
| ABSENT: | Renne, Louise | |
| NOTE: | Supervisor Renne's aide was in attendance | |

4. APPROVAL OF MINUTES -

Minutes of regular meeting of February 8, 1983, submitted for approval. Motion was made by Commissioner Bernstein and seconded by Commission Gaggero to approve the minutes of the Regular Meeting of February 8, 1983, as submitted and the motion carried.

5. ACTUARIAL REPORT -

Mr. Rael, Rael and Letson, reported that through February, 1983, the experience reflects that Basic Benefits are at 100% which was projected when the rates were set; Major Medical at 119% to date, which is 3% higher than projected in the rates. The prescription drug program is at 111%; 100% was the projected loss ratio; and the vision program is at 101%, also projected at 100%. The overall loss ratio for Plan I is at 109%, versus a projected 107% when the rates were set (Exhibit 'A ' attached).

6. APPEALS COMMITTEE -

Commissioner Gaggero reported the following recommendations on submitted appeals:

1) Jeanette Kossen be allowed to add her husband,who lost health coverage through his employer, to Plan I.

2) William Retzlaff be allowed to add a dependent child to Plan I to whom guardianship was granted to him in September, 1982. The child was covered by Medi-Cal until January, 1983.

6. APPEALS COMMITTEE - (cont'd.)

3) Lois Stocks be allowed to transfer from exempt status to Plan I with dependents. She lost Medi-Cal coverage.

A fourth appeal, on behalf of Marie McNeary, was put over to acquire additional information.

Commissioner Bernstein made a motion to accept the Appeals Committee recommendations. Commissioner Paretchan seconded the motion. The motion was adopted unanimously.

7. BUDGET COMMITTEE -

Commissioner Paretchan reported that the Budget Committee reviewed and discussed the proposed 1983-84 budget of $1,469,480 prior to the meeting. Proposed budget and explanations of changes shown on Exhibit 'B' attached.

Commissioner Gaggero made a motion to adopt the budget as submitted; it was seconded by Commissioner Bernstein. The motion was passed unanimously.

8. RATES COMMITTEE -

Commissioner Katz reported that at the last meeting, Commissioner Hobel raised some questions and concerns relative to Plan I finances, which resulted in the rate adoption for that Plan being put over. Commissioner Hobel stated that her questions have been satisfactorily answered in meetings held with Mr. Smith. Commissioner Hobel made a motion to adopt the Plan I rates as submitted; it was seconded by Commissioner Paretchan. The motion was adopted unanimously.

9. RULES COMMITTEE -

Commissioner Bernstein reported that the Rules Committee met and reviewed proposed changes for the Rules of Coverage of Plan I and the Rules and Regulations of the System for 1983-84. Those changes are reflected in Exhibit 'C' attached. The changes reflect conformance to benefit changes made by the Rates Committee as well as language additions or deletions to provide clarity.

Commissioner Bernstein made a motion that the Rules changes as submitted be approved. It was seconded by Commissioner Gaggero. The motion was passed unanimously.

Commissioner Paretchan also raised the policy issue on addition of dependents at other than open enrollment, as discussed in Committee. Mr. Smith reviewed the issue of numerous requests for the addition of dependents who have lost health coverage because of job displacement caused by the current economy. The Committee is addressing this issue, on a temporary basis, with the concurrence of our contractors, by recommending the establishment of the following guidelines:

a) A letter from the company from which the spouse was displaced, reflecting

9. RULES COMMITTEE - (cont'd.)

the date of separation, name of health carrier, termination date of health coverage, and the names of any dependents carried, and

b) completion and acceptance of a medical questionnaire by the health plan involved, and

c) application be made on a timely basis (within 60 days of loss of coverage).

Mr. Smith also stated that two other administrative decisions were concurred on in Committee:

1) that claims submitted totaling less than $500 and possibly involving third party liability not be pursued, and

2) that all benefit forms sent by Vision Care up through June 30, 1983 provide for a 60 day eligibility period and the $5.00 deductible benefit. Those issued July 1 and after will provide for the $10 and $10 deductible.

A motion was requested, approving the three administrative decisions. Commissioner Bernstein made the motion to approve the proposals; it was seconded by Commissioner Paretchan. The motion was passed unanimously.

10. OLD BUSINESS -

a) Mr. Smith asked if the Board wished to again consider the issue of raising the major medical maximum for hospital room and board from the present $315 per day?

After a brief discussion, Commissioner Bernstein made a motion to defer consideration of an increase at this time; Commissioner Gaggero seconded the motion. The motion passed unanimously.

11. NEW BUSINESS - NONE

12. EXECUTIVE DIRECTOR'S REPORT

Mr. Smith reported the following:

a) The Certificates of Deposit report reflects no maturing C.D.'s during February (Exhibit 'D'). A letter has been sent to the City Attorney requesting an opinion on the legality of retaining outside investment management services.

b) The implementation of the TEFRA law change on active employees in Medicare is still being deferred until EEOC issues formal guildelines on the subject.

c) There were 908 claims outstanding as of Friday, March 4th.

d) The resolution establishing $64.82 per month as the City contribution for 1983-84 was approved by the Mayor on February 25th. The ordinance approving the contribution rates should be on Finance on March 16th.

12. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

e) A meeting of the Rate and Benefits Committee may be necessary before the next Board meeting to review on-going negotiations with hospitals and physician groups on the Preferred Provider concept.

f) Supervisor Renne would like the Board to be aware of the fact that the legislation on domestic partners will be on the agenda of the Civil Service and General Administration on April 5th, and that Supervisor Ward has introduced a resolution related to smoking cessation programs and urging coverage under Plan I.

13. ANNOUNCEMENTS -

President Johnson announced that Dr. Walter Hook, a former director of the Health Service System, passed away on February 21st. He directed that a letter be sent to Dr. Hook's family advising them that this meeting was adjourned in memory of Dr. Hook.

14. There being no further business before the Board, the meeting was adjourned at 5:05 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT 'A'

REPORT BY ACTUARY FOR MARCH 8, 1983
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for July 1982 through February 1983

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 2,068,477 | $ 2,126,878 | 91% | 103% |
| Retired & Resigned | 973,067 | 947,010 | 74 | 97 |
| Adult Dependents | 1,386,913 | 1,307,649 | 95 | 94 |
| Minor Dependents | 660,606 | 715,938 | 100 | 108 |
| TOTAL | $ 5,089,064 | $ 5,097,475 | 90% | 100% |
| (2) Major Medical | | | | |
| Active Employees | $ 1,613,689 | $ 1,804,116 | 119% | 112% |
| Retired & Resigned | 1,999,615 | 1,681,581 | 71 | 84 |
| Adult Dependents | 1,068,952 | 1,530,521 | 119 | 143 |
| Minor Dependents | 98,693 | 686,097 | 996 | 695 |
| TOTAL | $ 4,780,948 | $ 5,702,314 | 116% | 119% |
| (3) Prescriptions Drug Benefit | $ 926,933 | $ 1,031,972 | 108% | 111% |
| (4) Vision Care | $ 513,914 | $ 517,900 | 93% | 101% |
| (5) Total All Coverages | $11,310,859 | $12,349,661 | 103% | 109% |

RAEL & LETSON
*Consulting Actuaries*

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HEALTH IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - APRIL 12, 1983 - 4:00 P.M.

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# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Johnson, F. Walter
   Gaggero, Joseph A. — Katz, Robert A.
   Hobel, Victoria — Paretchan, Harry
   Renne, Louise

4. Minutes of Regular Meeting of March 8, 1983, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Commissioner Gaggero, Chairman

7. Rules Committee - Commissioner Bernstein, Chairman

8. Old Business -

9. New Business -
   a. Hospital room rate survey - quarterly report
   b. Proposed Memorandum of Understanding with SEIU on Cost Containment

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM

TUESDAY - APRIL 12, 1983 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Katz, Robert A. |
| | Gaggero, Joseph A. | Paretchan, Harry |
| | Johnson, F. Walter | |
| EXCUSED: | Hobel, Victoria | |
| | Renne, Louise | |

4. APPROVAL OF MINUTES -

Minutes of regular meeting of March 8, 1983, submitted for approval. Motion was made by Commissioner Bernstein and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of March 8, 1983, as submitted and the motion carried.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson reported that the loss ratio overall was 126% for the month of March. This ratio raised the cumulative overall to date to 111%. The major medical experience is once again the highest at 146% for the month and 122% overall. (Exhibit 'A' attached)

Commissioner Katz asked that the minor dependent category be tracked more closely to see if any unusual trends are reflected which could be controlled by benefit change. Commissioner Gaggero asked what the minor dependent loss ratio would be if the two (2) large loss cases were removed from the experience? Mr. Smith responded that the loss ratio would probably be close to 100% and that he would provide that information at the next meeting.

Mr. Smith again reminded the Board that if the rate subsidy given was factored into the experience that the loss ratio for Major Medical would be 105% and the overall loss ratio would be 104%.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported the recommendations of the Committee on the following cases:

a. Arelia King - deny continued membership as she does not have five years aggregate membership in the System;

b. Marie McNeary - approve reinstatement at the contract rate on the basis that Ms McNeary was incapable of responding to her delinquency.

c. Leroy Hogg - deny continued membership as he does not have an aggregate five years membership. Mr. Hogg's appeal is continued as he would like to appeal to full Board.

d. Alyce Murphy - deny medical coverage for non-covered services under Plan I.

e. Cornelia Hoppe - deny portion of medical charges as non-covered services under Plan I. Ms. Hoppe's appeal is continued as she would like to appeal to full Board.

Commissioner Bernstein made a motion to adopt the recommendation of the Appeals Committee, seconded by Commissioner Paretchan. The motion was passed unanimously.

7. RULES COMMITTEE -

Commissioner Bernstein reported additional recommendations of the Committee on Plan I changes to be effective July 1, 1983. The rule changes as recommended are reflected on Exhibit 'B' and were taken by sections. Part A - Basic and Part B - Major Medical changes - motion was made by Commissioner Gaggero, seconded by Commissioner Bernstein. The motion passed unanimously.

Part E - Definition changes - motion by Commissioner Bernstein, seconded by Commissioner Paretchan, motion adopted unanimously.

Part H - Prescription Drug Plan - motion by Commissioner Paretchan, seconded by Commissioner Gaggero, motion adopted unanimously.

8. OLD BUSINESS -

Commissioner Katz again raised the issue of amending the Charter to take the five highest contributions of the ten most populous counties. He raised the issue because there is a May 23rd deadline for introduction of November Charter amendments. President Johnson, Commissioner Paretchan and Commissioner Katz agreed to serve on a Committee that would report back to the Board at the May meeting.

9. NEW BUSINESS -

a. Hospital room rate survey/quarterly report -

Mr. Smith reported that the average semi-private room rate in San Francisco as of April 1, 1983, was $340 (Exhibit 'C'). The plan is

9. NEW BUSINESS - (cont'd.)

currently covering up to $315 per day under major medical and will go to $320 on July 1st without further action of the Board because of the basic benefit change for room and board. Mr. Smith urged an increase by July 1st if not at this time. Commissioner Paretchan made a motion to increase the rate to $330 effective April 1st. Seconded by Commissioner Gaggero. The motion passed unanimously.

b. Memorandum of Understanding with SEIU on Cost Containment -

President Johnson drew attention to the proposal (Exhibit 'D') and stated that SEIU 390/400 had requested that the matter be put over to the May meeting. Mr. Smith mentioned that he agreed to bring the proposal to the Board for ratification on the basis that this would provide the union with a formal forum to discuss cost containment proposals they may have that would be beneficial to the System in its pursuit of cost containment and that the meet and confer process was non-binding on the Board and did not usurp any powers of the Board. A letter has been directed to the Employee Relations Division to provide written confirmation of that understanding. The proposal is contained in the Master City MOU to be effective July 1st and will only be deleted from that MOU if the Board doesn't ratify the proposal by July 1st.

c. Preferred Provider Proposal/Health Care Foundation of San Francisco -

Mr. Smith introduced Mr. Don Albert, Executive Director of the Health Care Foundation. He stated that Mr. Albert, Mr. Rael, and he had met on several occasion regarding the feasibility of a preferred provider arrangement with the Foundation. The proposal conceptually provides a cost containment mechanism for the System and its members as well as medical utilization control. Mr. Smith expressed some reservations from an administrative and operational perspective as to implementation by July 1st, however, he wanted the Board to be aware of these ongoing discussions. The discussions do not preclude our talking to other PPO's which are being organized.

Commissioner Katz stated that although there may be operational problems, we should not disregard any concept which provides the System with savings and we should address these problems as quickly as possible. He asked Mr. Rael if he saw a basis for cost savings? Mr. Rael felt that there were savings possible because of the projected increased claim cost in 1983-84 due to inflation and the contracted maximum ceilings agreed to by physicians in the Foundation. He felt that cost savings can be quantified.

Mr. Albert stated that the concept would be to change the plan reimbursement ceilings so that the 1,000 Foundation physicians in San Francisco would not balance bill for any charges above the contracted maximums. This ceiling contracted for a one year period would provide a cost benefit to the System and to the member in many instances. In addition, the medical review system set up will provide additional savings.

10. EXECUTIVE DIRECTOR'S REPORT -

Mr. Smith reported the following:

a. The 1983-84 budget has been forwarded to the Mayor for review in April.

10. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

b. The federal guidelines on the TEFRA law (impacting active employees in Medicare) will be formally issued by EEOC at the end of April although they say every employer should have implemented the law on January 1, 1983. Employers have 90 days from issuance to make administrative adjustments.

c. The 1983-84 contribution rates were passed by the Board of Supervisors on April 11th.

d. The Comparison of Plans brochure will be distributed by April 29th to every employee as well as posting of open enrollment notices on all bulletin boards and in a variety of employee newspapers.

e. The Certificate of Deposit report (Exhibit 'E') as of March 31, 1983, reflects a continued decline in interest earnings of the System. The average current yield is at 9.91% and the average yield fiscal year to date is at 12.37%, both considerably below the last fiscal year at this time and demonstrating the tremendous drop in interest rates. No response has been received to date on our letter to the City Attorney requesting an opinion on the legality of an outside investment management firm.

f. There were 776 claims outstanding as of Friday, April, 1983.

g. There have been six nomination forms returned thus far for individuals to run in the upcoming Health Service Board election.

h. Kaiser will be mailing new benefit booklets to all their members at the end of April.

i. The holdup on ordering the mini-computer hardware has been cleared by the EDP priority committee. The delay will push the project schedule back to a January 1, 1984 implementation date.

11. ANNOUNCEMENTS -

President Johnson recognized Mr. Frank Lucibello of the Retired Employees Association who expressed the hope that all the plans would make their literature available to him for distribution at the May 4, 1983 General Membership meeting.

12. ADJOURNMENT -

There being no further business before the Board, the meeting was adjourned at 5:00 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR APRIL 12, 1983
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

xperience for July 1982 through March 1983

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| 1) Basic Benefits | | | | |
| ctive Employees | $ 2,316,709 | $ 2,437,332 | 125% | 105% |
| etired & Resigned | 1,087,577 | 1,046,776 | 87 | 96 |
| dult Dependents | 1,555,099 | 1,481,697 | 103 | 95 |
| inor Dependents | 740,374 | 806,365 | 113 | 109 |
| TOTAL | $ 5,699,759 | $ 5,772,170 | 110% | 101% |
| 2) Major Medical | | | | |
| ctive Employees | $ 1,811,807 | $ 2,175,865 | 188% | 120% |
| etired & Resigned | 2,246,704 | 1,922,762 | 98 | 86 |
| dult Dependents | 1,201,578 | 1,730,057 | 150 | 144 |
| inor Dependents | 110,494 | 735,843 | 422 | 666 |
| TOTAL | $ 5,370,583 | $ 6,564,527 | 146% | 122% |
| 3) Prescriptions Drug Benefit | $ 1,041,560 | $ 1,176,223 | 126% | 113% |
| 4) Vision Care | $ 577,410 | 577,549 | 94% | 100% |
| 5) Total All Coverages | $ 12,689,312 | $14,090,469 | 126% | 111% |

HEALTH SERVICE SYSTEM
SPECIAL MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MAY 10, 1983 - 3:30 P.M.

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# A G E N D A

I. Appeals to Full Board on Recommendations To Deny By the Appeals Committee:

a. Cornelia Hoppe - HSS No. 59416 (closed session - medical confidentiality)

b. Leroy Hogg - HSS No. 59613

RANDALL B. SMITH
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MAY 10, 1983 - 4:00 P.M.

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# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, M.D.
   Gaggero, Joseph A.
   Hobel, Victoria
   Johnson, F. Walter
   Katz, Robert A.
   Paretchan, Harry
   Renne, Louise

4. Minutes of Regular Meeting of April 12, 1983, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business -
   a. Memorandum of Understanding with SEIU 390/400 on cost containment
   b. Report on Charter amendment proposal - Re: City contribution

8. New Business
   a. Report on open Enrollment

9. Executive Director's Report

10. Announcements

11. Adjournment

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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#3
5/10/83

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - MAY 10, 1983 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:10 P.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Johnson, F. Walter |
| | Gaggero, Joseph A. | Katz, Robert A. |
| | Hobel, Victoria | Renne, Louise H. |
| EXCUSED: | Paretchan, Harry | |

4. APPROVAL OF MINUTES -

Minutes of regular meeting of April 12, 1983, submitted for approval. Motion was made by Commissioner Gaggero and seconded by Commissioner Bernstein to approve the minutes of the Regular Meeting of April 12, 1983, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson reported the ten month experience at 111% with $14 million in contributions and $15.6 million in claims expenditures. The Basic benefits are at 101%, major medical at 123%, prescription drug at 115% and the vision benefit at 100% (Exhibit'A').

In response to the request to quantify any savings that may result if a contract were entered into with the Health Care Foundation of S.F., Mr. Rael reported that next year's projected cost for medical and surgical services is $1.9 million with an inflation factor of 20% built into that cost. If the proposed contract eliminated that inflationary cost the projected savings would be $380,000. A number of questions were raised regarding a preferred provider contract and the actual savings that would be realized. Mr. Smith assured the Board that the concept of a PPO was being approached very cautiously as a number of major questions need to be answered. He said that when a definitive concept is arrived at that he

5. ACTUARIAL REPORT - (cont'd.)

would bring it to a committee of the Board for in depth discussion.

President Johnson announced that the Mayor had formed an eleven member task force to study the Health Service System. Commissioner Katz, Mr. Rael and himself would be serving on the Committee.

Mr. Smith responded to Commissioner Katz and Commissioner Gaggero's questions at the last meeting on the impact of the two adverse minor dependent cases on our claims experience. The experience without these two cases would show a 99% basic loss ratio and a 90% major medical loss ratio in the minor dependent category including the rate subsidy. (Exhibit 'B')

Mr. Smith also mentioned Exhibit 'C' which reflects the impact of the rate subsidy provided by the Board. A total subsidy year to date of $954,390 which equates to a 7% impact on the loss ratio (111% versus 104%).

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that there were no new appeals for the month of April, however, a special meeting of the full Board was held on two appeals recommended for denial by the Appeals Committee. The two cases were:

a. Leroy Hogg - request to continue health service coverage after retirement. The full Board voted to approve Mr. Hogg's request.

b. Cornelia Hoppe - request for greater coverage on surgery deemed to be partially cosmetic in nature. The full Board denied Ms. Hoppe's appeal.

7. OLD BUSINESS -

a. Memorandum of Understanding with SEIU 390/400 on Cost Containment -

Mr. Smith reported that the letter of response from the City Attorney to his letter was received by him on May 5th. That response and the letter sent to all Board members by Local 390/400 raised questions of what the proposal would obligate the Board to do which caused uncertainty and a need for clarity with the individual Board members he had talked to as well as creating a different impression with him than those he initially had. He recommended that any action on the proposal be deferred until the June meeting so that all questions raised could be addressed to an appropriate person for formal response. Commissioners Hobel and Katz agreed that the letters raised questions which should be answered before action is taken.

Mr. Lazarus, Board of Supervisors Employee Relations Division, stated that under the Meyer's-Milias-Brown Act every level of City government which makes decisions affecting wages, hours or other terms and conditions of employment is subject to the meet and confer process.

7. OLD BUSINESS - (cont'd.)

His understanding of the agreement is that the Board agrees to meet and confer with SEIU 390/400 on cost containment issues. There is no obligation to reach agreement or obligation to do anything except negotiate in good faith on those subjects within the scope of representation. If agreement can't be reached, there is an impasse procedure which provides that the Mayor can step in to try to get the parties together. A City labor dispute under meet and confer has never gone so far as binding arbitration. He felt that there was no problem with the proposal that Mr. Smith tentatively agreed to at the negotiating table and that there is nothing in the proposal that the Board would not be obligated to do anyway if the Union came in tomorrow with the same proposal.

Commissioner Hobel raised a question on whether there is any fiduciary responsibility or conflict as a trustee of a trust fund to negotiate or meet with one union which does not represent all members? Mr. Lazarus responded that the ultimate responsibility would be a trustee's fiduciary responsibility. Commissioner Katz asked if the makeup of the Board (three elected employee members) already met the meet and confer requirement? Mr. Lazarus responded that it did not meet that requirement. Commissioner Katz also asked if this proposal was trying to change or redirect the autonomy of the Board? Mr. Lazarus responded that this agreement is unusual in that the Board would normally instruct the Director on a proposal of this nature and he would go to the negotiating table with those instructions in mind. This proposal is being brought to the Board after a tentative agreement has already been reached. The Board is, however, free to accept or reject the proposal under State Law.

Maura Keeley, representing Local 390/400, expressed the view that the union's members are very concerned about the health benefits area and want the union to do something in this area. The cost containment proposal was a third or fourth priority of the union after a dental plan and subsidized dependent's health benefits during negotiations. The top priorities were precluded by Charter restrictions.

Commissioner Katz made a motion to defer the matter until the next meeting of the Board. Commissioner Renne seconded the motion. The motion was unanimously passed.

7. OLD BUSINESS - (cont'd.)

b. Charter Amendment Proposal -

Mr. Smith reported that Commissioner Katz raised the issue at the last Board meeting, in response to the forthcoming May 23rd deadline for introduction of November Charter amendments, of a proposal to change the contribution formula to increase the amount of contribution on the part of the City. The Ad Hoc Committee formed recommends changing the formula from the average contribution of the ten most populous counties to the average of the five highest counties of the ten most populous as discussed at the April Board meeting. That intent was forwarded to the City Attorney for appropriate language change as reflected in Exhibit 'D'.

Commissioner Katz made a motion that the Board request that the subject Charter Amendment be introduced. Seconded by Commissioner Bernstein. The motion was passed unanimously. Commissioner Renne agreed to introduce the proposal.

8. NEW BUSINESS -

a. Report on Open Enrollment -

Mr. Smith reported that enrollment changes are exceeding those of prior years (482 applications in the first week). Significant items after one week are the number of employees going out of the Children's Hospital Plan, the minimal number of employees transferring out of the City Plan, and the number of new dependents being added to the City and Kaiser Plans. Exhibit 'E-1 reflects the number of open enrollment changes made over the past five years; Exhibit 'E-2' reflects a comparison of employees and dependents going into and out of each plan for the first week of this year compared with the net numbers for the first week of 1982; Exhibit 'E-3' reflects the changes of employees and dependents as to what plan or status they came from and to which plan or status they went; Exhibit 'E-4' reflects the net numbers of employees and dependents in and out of each health plan for the total 1982 Open Enrollment Period.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following items:

a. The unofficial Health Service Board election count reflects that President Johnson was re-elected with 5,673 votes cast with 3,263 for President Johnson, 544 for his nearest competitor and 168 votes for the last place nominee. They were ten (10) nominees for the seat.

b. The Certificate of Deposit report (Exhibit 'F') reflects a continued decline in average yield to 12.13%.

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

   c. There were 573 claims outstanding as of Friday, May 6th.

   d. The Ordinance to extend health benefits to temporary City employees to June 30, 1985 passed first reading of the Board on May 9th.

   e. The Resolution of Supervisor Ward on smoking cessation programs and urging the Health Service System to provide coverage for same under the City Plan was continued for one week on May 9th. Commissioner Renne requested that the Board communicate to Supervisor Ward the position of the Board on this resolution. The sense of the Board was to communicate their support for the intent of the Resolution and that the Board would work toward the Resolution's goal within the financial capabilities of the System.

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

    There being no further business before the Board, the meeting was adjourned at 5:30 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE MAY 10, 1983
MEETING OF THE HEALTH SERVICE BOARD

Experience for the period July 1982 through April 1983

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 2,559,461 | $ 2,721,051 | 117% | 106% |
| Retired & Resigned | 1,200,176 | 1,146,015 | 88 | 95 |
| Adult Dependents | 1,720,394 | 1,646,223 | 100 | 96 |
| Minor Dependents | 819,238 | 872,481 | 84 | 106 |
| TOTAL | $ 6,299,269 | $ 6,385,770 | 102% | 101% |
| (2) Major Medical | | | | |
| Active Employees | $ 2,005,420 | $ 2,413,810 | 123% | 120% |
| Retired & Resigned | 2,491,788 | 2,161,393 | 97 | 87 |
| Adult Dependents | 1,331,862 | 1,934,754 | 155 | 145 |
| Minor Dependents | 122,162 | 790,412 | 468 | 647 |
| TOTAL | $ 5,951,232 | $ 7,300,369 | 127% | 123% |
| (3) Prescription Drug Benefit | $ 1,154,612 | $ 1,324,565 | 131% | 115% |
| (4) Vision Care | $ 639,836 | $ 641,437 | 102% | 100% |
| (5) Total All Coverages | $14,044,949 | $15,652,141 | 115% | 111% |

RAEL & LETSON
*Consulting Actuaries*

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JUNE 14, 1983 - 4:00 P.M.

A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Hobel, Victoria
Johnson, F. Walter
Katz, Robert A.
Paretchan, Harry
Renne, Louise H.

4. Minutes of Regular Meeting of May 10, 1983, submitted for approval.

5. Actuarial Report - Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business -
   a. Memorandum of Understanding - SEIU 390/400 (Question of Ratification)
   b. Final Open Enrollment Statistics

8. New Business -
   a. Consideration of Resolution to continue contract with SFPRO, Inc. for 1983-84.
   b. Nomination and Election of President, Health Service Board as provided in Part IA Rules and Regulations.

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JUNE 14, 1983 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:15 P.M. with President Johnson presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Gaggero, Joseph A. Johnson, F. Walter
Hobel, Victoria Paretchan, Harry

EXCUSED: Bernstein, Abraham, M.D.
Katz, Robert A.

ABSENT : Renne, Louise H.

4. APPROVAL OF MINUTES -

Minutes of regular meeting of May 10, 1983, submitted for approval. Motion was made by Commissioner Paretchan and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of May 10, 1983, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported that Basic benefits are at 100% after eleven (11) months along with the vision benefit. However, the Major Medical experience showed a loss ratio of 133% for the month and 124% for the 11-month period. The subsidy for the adult dependents and minor dependents, as well as the shock claims on the minor dependent category have to be factored into the ratio. The prescription drug benefit is at 131% for the month and 116% year to date. Overall, the loss ratio is 110% for the month and 111% for the year (Exhibit 'A' attached).

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that there were no appeals.

7. OLD BUSINESS -

a. Memorandum of Understanding - SEIU 390/400

Mr. Smith reported that he had not received a response from the City Attorney on a number of questions raised by Board members. He recommended that a decision on ratification be deferred for that reason and the fact

7. OLD BUSINESS - (cont'd.)

that three (3) members were absent. Jim Lazarus, Employee Relations, stated that he saw no problem with deferral because there were no provisions of immediate implementation in the proposal. Maura Kealey, Local 390/400 agreed that there would be no harm in postponement although the union is naturally disappointed at any delay. She also introduced Alexis Rankin, Health Consultant for Local 390/400. The item was continued to the next meeting.

b. Final Open Enrollment Statistics -

Mr. Smith reported that a record number of 2,641 enrollment changes were made in May. The only significant results were the minimal loss of 41 individuals by the City Plan in lieu of significant contribution increases and reductions in benefits and the loss of 216 individuals by Children's Hospital probably due to substantial rate increases. The System gained an additional 2,057 people during the open enrollment period (Exhibit 'B-1 to B-3' attached).

8. NEW BUSINESS -

a. Consideration of Resolution to Continue Contract with SFPRO, Inc. for 1983-84 -

Mr. Smith reviewed a letter from SFPRO previously distributed to Board members which interpreted the experience under the contract for the period January through April, 1983. A total of 318 cases were reviewed in S. F. for which SFPRO claims actual savings to the System of $11,324.14. In addition, they contend that the fact that this monitoring system is in place accounted for a portion of the $51,000 in savings on account of a decrease in average length of stay comparing the 1st quarter of 1982 with the first quarter of 1983.

Jo Ellen Hylind, Executive Director, SFPRO, Inc., submitted that the data is limited to this point in time, but the data does show benefits to having the program. The contract rate has been raised on all contracts to $30 per discharge as of April 1st. She expects the rate to remain at that level for the next two (2) years.

Mr. Smith mentioned his memo to the Board which projects a cost of $28,800 per year for San Francisco only in 1983-84 and a cost of $41,400 to expand the contract and cover all six counties serviced by SFPRO. The projected cost for the 1st six months of the contract (January-June, 1983) is $12,000. He recommended that the contract be renewed and expanded to the other counties.

Ms. Hylind, in response to a question from President Johnson, stated that the program will provide significant savings and in effect pay for itself. Mr. Rael also recommended continuation of the contract in response to a question by President Johnson.

Mr. Smith added that consideration should also be given as to whether a type A or type B contract should be utilized. Ms. Hylind explained that a type A program involves notification to the patient, doctor and hospital that a continued stay has been determined by a physician to be medically

8. NEW BUSINESS - (cont'd.)

unnecessary. Type A also is reported on a case by case basis. Type B involves no notification to the member and is reported on an aggregate number basis.

Commissioner Paretchan asked about an appeals process to which Ms. Hylind responded in the affirmative that the first level of appeal was to another physician; secondly, to the County Medical Society Insurance Mediation Committee. The System also has the final decision on whether to pay benefits on a denial.

Commissioner Paretchan made a motion to continue the contract for one year at $30 per discharge inclusive of the six counties serviced and on a type A contract basis. Commissioner Gaggero seconded the motion. The motion carried unanimously.

b. Nomination and Election of President, HSS Board -

Commissioner Gaggero nominated Commissioner Bernstein for President, seconded by Commissioner Paretchan. There being no other nominations, Commissioner Paretchan made a motion that the nominations be closed, seconded by Commissioner Gaggero. The nomination of Commissioner Bernstein for President passed unanimously.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Certificate of Deposit Report reflects no maturing C. D.'s so that the average yield remains at 9.91% while average yield fiscal year to date has dropped to 11.92% (Exhibit 'C').

b. The hardware for the on-line computer system has been ordered and is scheduled for delivery in mid-September. On-line operations will commence in January, 1984.

c. 1,703 claims are on hand as of June 10th due to the medical absence of a processor who will be out for about five (5) weeks.

d. A notification to active employees between 65 and 69 years relative to their Medicare and health plan status will be sent out shortly. This is to comply with the 1982 TEFRA law.

e. The mailing of new prescription drug cards, benefit booklets and an informational flyer on rates, benefits and cost containment will be made to all Plan I members at the end of June.

f. The CGM, Inc. litigation case has been settled, approved and signed by the City Attorney, Board of Supervisors and Mayor.

g. The budget has been approved by the Mayor without change and forwarded to the Board of Supervisors for hearing in June.

h. Peat, Marwick, Mitchell & Co. have begun our annual audit for the 1982-83 fiscal year. The audit should be completed by October 1st.

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

i. The smoking ordinance passed the Board of Supervisors although the actual legislation has not been received by the department as yet.

j. The Mayor has formed an eleven member task force to study the feasibility of allowing employees to select a primary beneficiary for health benefits. The task force is suppose to report their findings by December.

k. A request for a motion to pay a bill of $151 for the services of Alan Lindquist & Co., CPA relative to the CGM, Inc. suit. Commissioner Paretchan made a motion to approve payment. Seconded by Commissioner Gaggero. The motion passed unanimously.

10. ANNOUNCEMENTS -

President Johnson recognized Mr. Frank Lucibello of the Retired Employees Association who commended President Johnson on behalf of the retired employees for a job well done during the past year. He also announced that the Association had voted unanimously to try to place the surviving spouse Charter amendment back on the ballot this November. He requested a motion of the Board to endorse this proposal once again. After discussion and determination that the Charter amendment will be the same as that placed on the ballot last year, Commissioner Paretchan made a motion that the Health Service Board endorse this Charter amendment, seconded by Commissioner Gaggero. The motion was passed unanimously.

President Johnson thanked the Retired Employees on behalf of the Board for the invitation to their luncheon in May. He also thanked the Board for their support during his tenure as President.

11. ADJOURNMENT -

There being no further business before the Board the meeting was adjourned at 5:00 P.M.

Respectfully submitted:

RANDALL B. SMITH
EXECUTIVE DIRECTOR

# REPORT BY ACTUARY FOR THE JUNE 12, 1983 MEETING OF THE HEALTH SERVICE BOARD

## PLAN I

Experience for the period July 1982 through June 1983

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 2,894,692 | $ 3,061,014 | 101% | 106% |
| Retired & Resigned | 1,316,071 | 1,220,456 | 93 | 64 |
| Adult Dependents | 1,928,803 | 1,822,228 | 84 | 94 |
| Minor Dependents | 923,394 | 945,752 | 70 | 102 |
| TOTAL | $ 7,062,960 | $ 7,049,450 | 87% | 100% |
| (2) Major Medical | | | | |
| Active Employees | $ 2,273,950 | $ 2,769,911 | 133% | 122% |
| Retired & Resigned | 2,741,778 | 2,449,778 | 115 | 89 |
| Adult Dependents | 1,486,397 | 2,171,297 | 153 | 146 |
| Minor Dependents | 137,563 | 825,663 | 229 | 600 |
| TOTAL | $ 6,639,688 | $ 8,216,649 | 133% | 124% |
| (3) Prescription Drug Benefit | $ 1,285,593 | $ 1,496,059 | 131% | 116% |
| (4) Vision Care | $ 715,495 | $ 714,322 | 96% | 100% |
| (5) Total All Coverages | $15,703,736 | $17,476,480 | 110% | 111% |

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JULY 12, 1983 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Katz, Robert A.
Gaggero, Joseph A. Paretchan, Harry
Hobel, Victoria Renne, Louise H.
Johnson, F. Walter

4. Minutes of Regular Meeting of June 14, 1983, submitted for approval.

5. Actuarial Report - Juan B. Rael, Jr., Rael & Letson.

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business -
   a. Memorandum of Understanding - SEIU 390/400 (Question of Ratification)

8. New Business -
   a. Hospital Room Survey-Quarterly Report
   b. 1983-84 Committee Assignments - President Bernstein

9. Executive Director's Report

10. Announcements -

11. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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7/12/83

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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Minutes

TUESDAY - JULY 12, 1983 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. — Johnson, F. Walter
Gaggero, Joseph A. — Katz, Robert A.
Hobel, Victoria — Paretchan, Harry

EXCUSED: Renne, Louise H.

4. President Bernstein thanked the Commissioners for electing him President during his absence last month.

Minutes of regular meeting of June 14, 1983, submitted for approval. Motion was made by Commissioner Gaggero and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of June 14, 1983, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported that the claim loss ratio for the fiscal year was 113% with a 130% loss ratio for June raising the yearly ratio from 111% in May to 113% in June. The rates for the new fiscal year have been adjusted to reflect the current experience. (Exhibit 'A' attached)

6. APPEALS COMMITTEE -

Commissioner Gaggero reported the following recommendations of the Appeals Committee:

a. Salvador Cuellar - HSS No. 61305 - denied appeal for reinstatement into System.

b. Vincent O'Rourke - HSS No. 16660 - put over appeal to next month.

c. Paul Minasian - - HSS No. 45848 - approved appeal to transfer from Plan 1 to Plan 3 effective July 1, 1983.

6. APPEALS COMMITTEE - (cont'd.)

d. Tom Ammiano - HSS No. 80882 - approved appeal to transfer from Plan 5 to Plan 1 effective October 1, 1983.

e. William Wong- HSS No. 89273 - approved appeal to transfer from Plan 3 to Plan 4 effective July 27, 1983.

f. Susan Damron- HSS No. 99745 - approved appeal to transfer from Plan 2 to Plan 1 effective July 1, 1983.

**Commissioner Faretchan made a motion to approve appeals, seconded by Commissioner Katz. The motion carried unanimously.**

7. OLD BUSINESS -

Mr. Smith reported that the response from the City Attorney to the Board's questions regarding the Memorandum of Understanding with Local 390/400 has not yet been received. He has been assured by the City Attorney's office that it will be received by the August meeting. He recommended that the item be put over to the next meeting. It was the consensus of the Board to do so.

8. NEW BUSINESS -

a. Hospital Room Survey-Quarterly Report -

Mr. Smith reported that hospital room rates continue to increase. Eight (8) of the ten largest hospitals in San Francisco have increased their rates since the last survey in April. The average semi-private rate in San Francisco is now $362 per day in comparison to the plan's current maximum allowance of $340 per day. Mary's Help has the highest semi-private and private rates and Novato Community the lowest semi-private rate in the Bay Area. (Exhibit 'B' attached)

b. 1983-1984 Committee Assignments -

President Bernstein announced Committee assignments for the next fiscal year. (Exhibit 'C' attached)

c. President Bernstein acknowledged a letter from the Mayor to Bay Pacific relative to an appeal for coverage for a liver transplant operation for a one (1) year old child of a City employee.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Certificate of Deposit report for June 30, 1983, reflects total interest collected for 1982-1983 at $598,126 with an average current yield of 9.35% and an average yield of 11.71% for the fiscal year. (Exhibit 'D' attached)

Commissioner Katz again raised the issue of a more sophisticated investment program in light of the $200,000 decrease in interest between the 1981-82 and 1982-83 fiscal years.

b. 1,995 claims were outstanding as of July 8th. The backlog of approximately four (4) days is primarily caused by the loss of one processor who was out for medical reasons for over a month. The processor is now back and the backlog situation should clear up.

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

c. The final EEOC guidelines on the 1982 TEFRA provisions for active employees have been issued with an implementation date of September 5, 1983. The guidelines provide that employers will not be able to offer carve out or supplemental plans to active employees 65 to 69 years old. The Board is asked to make a policy decision on whether to offer full plan benefits as a secondary coverage or to become primary coverage for all active employees between 65 and 69 years old. After discussion by the Board, Commissioner Gaggero made a motion that affected active employees be offered full plan benefits when Medicare is the primary carrier. Seconded by Commissioner Johnson; the motion carried unanimously.

d. A request was made to provide continued health coverage during the Summer months for Plan I members who work for the School District and Community College District. Mr. Rael brought up the point that adverse selection would be experienced because individuals who know they will utilize the plan will be more likely to continue during the summer months than those who feel they won't utilize the plan. Commissioner Hobel asked that a cost projection be prepared by the actuary before a decision is made. The Board voted to defer action at this time by a 4 to 2 vote.

e. The question of whether to go forward on the proposed Charter amendment to change the City contribution formula was raised because of informal feedback that some employee organizations would not actively support it. After discussion, the Board decided to pursue placement of the Charter Amendment on the November ballot.

f. A motion was requested to approve the Executive Director's administrative expenses for the six month period ending June 30, 1983, in the amount of $67.98. A motion to approve was made by Commissioner Paretchan, seconded by Commissioner Gaggero. The motion was passed unanimously.

10. ANNOUNCEMENTS -

President Bernstein acknowledged Frank Lucibello of the Retired Employees Association who stated that the Executive Committee of the Association voted to withdraw the surviving spouse Charter amendment from the November ballot because of the number of proposals affecting retirees already on the ballot.

11. ADJOURNMENT -

There being no further business before the Board, the meeting was adjourned at 5:05 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE JULY 12, 1983
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

perience for the period July, 1982 through June, 1983

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| ) Basic Benefits | | | | |
| tive Employees | $ 3,139,035 | $ 3,350,616 | 119% | 107% |
| tired & Resigned | 1,429,549 | 1,348,343 | 113% | 94% |
| ılt Dependents | 2,094,666 | 2,007,585 | 112% | 96% |
| nor Dependents | 1,001,915 | 1,025,873 | 102% | 102% |
| TOTAL | $ 7,665,165 | $ 7,732,417 | 113% | 101% |
| ) Major Medical | | | | |
| tive Employees | $ 2,469,749 | $ 3,015,173 | 125% | 122% |
| tired & Resigned | 2,989,438 | 2,700,360 | 101% | 90% |
| ılt Dependents | 1,618,476 | 2,459,620 | 218% | 152% |
| nor Dependents | 149,169 | 921,972 | 830% | 618% |
| TOTAL | $ 7,226,832 | $ 9,097,125 | 150% | 126% |
| ) Prescription Drug Benefit | $ 1,400,026 | $ 1,638,747 | 125% | 117% |
| ) Vision Care | 778,700 | 791,775 | 123% | 102% |
| ) Total All Coverages | $17,070,723 | $19,260,064 | 130% | 113% |

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - AUGUST 9, 1983 - 4:00 P.M.

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A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. — Katz, Robert A.
   Gaggero, Joseph A. — Paretchan, Harry
   Hobel, Victoria — Renne, Louise H.
   Johnson, F. Walter
4. Minutes of Regular Meeting of July 12, 1983, submitted for approval.
5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson
6. Appeals Committee - Joseph A. Gaggero, Chairman
7. Old Business -
   a. Memorandum of Understanding - SEIU 390/400 (Question of Ratification)
8. New Business.
9. Executive Director's Report
10. Announcements -
11. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

# HEALTH SERVICE SYSTEM

CITY AND COUNTY OF SAN FRANCISCO
1212 MARKET STREET
SAN FRANCISCO, CA 94102-4861

TELEPHONES
Administration 558-3701
Claims 558-4761
Membership 558-4322

RANDALL B. SMITH
Executive Director

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August 8, 1983

M E M O

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[Date]

TO: ALL INTERESTED PARTIES

FROM: ABRAHAM BERNSTEIN, M.D.
President
Health Service System Board

The regular meeting of the Health Service Board scheduled for Tuesday, August 9, 1983 at 4:00 P.M., has been cancelled due to the lack of a quorum.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - SEPTEMBER 13, 1983 - 4:00 P.M.

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# A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. — Katz, Robert A.
   Gaggero, Joseph A. — Paretchan, Harry
   Hobel, Victoria — Renne, Louise H.
   Johnson, F. Walter
4. Minutes of Regular Meeting of July 12, 1983, submitted for approval.
5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson
6. Appeals Committee - Joseph A. Gaggero, Chairman
7. Rules Committee - F. Walter Johnson, Chairman
8. Old Business -
   a. Memorandum of Understanding with SEIU 390/400
9. New Business.
10. Executive Director's Report
11. Announcements
12. Adjournment

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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9/13/83

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - SEPTEMBER 13, 1983 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

| | | |
|---|---|---|
| PRESENT: | Bernstein, Abraham, M.D. | Johnson, F. Walter |
| | Gaggero, Joseph A. | Katz, Robert A. |
| | Hobel, Victoria | Paretchan, Harry |
| EXCUSED: | Renne, Louise H. | |

4. Minutes of regular meeting of July 12, 1983, submitted for approval. Motion was made by Commissioner Gaggero and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of July 12, 1983, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Chuck Grunsky, Rael & Letson, reported the experience for the 1st two months (Exhibit "A") which reflected overall loss ratios for Basic benefits of 90%, Major Medical at 121%, Prescription drugs at 103%, vision care at 117%, and the total benefit program at 105%. The July experience (Exhibit "B") was also provided to the Board since the August meeting was cancelled. He mentioned that the real impact of the benefit changes that were made are not yet fully reflected in the 1st two months experience.

Mr. Smith added that a supplemental report (Exhibit "C") reflecting the experience with the rate subsidies included shows the Major Medical experience would be 112% instead of 121% and the overall program would be 102% instead of 105%.

The Major Medical loss ratio should be discounted by 9% and the total program loss ratio by 3% when looking at each month's experience and attempting to measure the validity of the rates. The total program is in a much better position this year than last year at this time. The loss ratio for the total program was 121% and expenditures exceeded contributions by $572,000 for the 1st two months last year as compared to this year's loss ratio of 105% and expenditures of $168,000 over contributions. In addition, $105,000 of those excess expenditures were intended through rate subsidy.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported the recommendations of the Appeals Committee on the following appeals:

a) Vincent O'Rourke - HSS No. 16660 - continued to next month's meeting to obtain additional information.

b) Margaret M. Morey - continued to next month's meeting to obtain additional information.

c) Melvin Kenney - HSS No. 11941 - approve the addition of a dependent spouse.

d) Winifred Cohn - HSS No. 86043 - approve the addition of a dependent spouse prior to retirement.

e) Robin Jones - HSS No. 97000 - approve the transfer from the Kaiser Health Plan to City Plan I.

Commissioner Paretchan made a motion to approve the recommendations of the Appeals Committee, seconded by Commissioner Katz. The motion passed unanimously.

7. RULES COMMITTEE -

Commissioner Johnson reported the following actions and recommendations of the Rules Committee:

a) Rule IIA5 of the Rules and Regulations relating to coverage after retirement where exemption has been granted is proposed for deletion. The matter has been referred to staff for appropriate language change to the Rules.

b) Rules of Coverage for Plan I relating to dental work and oral surgery were discussed relative to policy in this area. The matter has been referred to the Medical Advisor for appropriate policy language.

c) Recommend a moratorium on acceptance of any new panel doctors due to contemplated Preferred Provider contracts.

d) Recommend adoption of staff recommendation to accept for benefit determination the Medicare Explanation of Benefits (EOMB) statement without corresponding medical claim in all cases where the EOMB provides sufficient information to process.

e) Recommend opposition to Senate Bills 801-804 relative to annual reporting to Insurance Commissioner and maintaining of stop loss insurance on the basis it infringes on local control, creates additional administrative burden and is an unnecessary cost and requirement for a system as big as the City and County.

f) A Tax Savings Plan was discussed whereby employee medical contributions would be deducted from gross wages prior to application of tax schedules. A plan was implemented at U.C. on July 1, 1983. The matter was referred to staff to obtain more information from the Controller and other sources as to its feasibility and applicability to City employees.

Commissioner Gaggero made a motion to adopt the recommendations and actions of the Rules Committee. Seconded by Commissioner Hobel, the motion passed unanimously.

8. OLD BUSINESS -

a) Memorandum of Understanding with SEIU 390/400 -

Mr. Smith reported that despite three or four queries to the City Attorney's office that he has yet to receive a response to our letter of May 24, 1983, relative to the MOU. He recommended that the Board continue the matter and take no formal ratification action until after receipt of a response from the City Attorney. He stated that he had informally met with a health consultant (Alexis Rankin) to SEIU 390/400 and that the Board approve his continued informal contact and exchange of information with the consultant pending response to our letter. A motion was made by Commissioner Paretchan to approve informal meeting and discussion between the Director and the health consultant to SEIU 390/400; Commissioner Katz asked that the motion be amended by officially notifying SEIU 390/400 that any informal meet and discuss sessions do not constitute ratification of the MOU. Seconded by Commissioner Johnson, the motion passed unanimously.

9. NEW BUSINESS - There was no new business.

10. EXECUTIVE DIRECTOR'S REPORT -

Mr. Smith reported the following:

a) The 1983-84 budget was approved by the Board of Supervisors almost intact as it was approved by the Mayor with the exception of the deletion of two new positions which were requested. Our staffing complement remains at 34 positions.

b) The Board approved action at the July meeting approving the offering of City Plan I as a secondary carrier without a carve out plan to Medicare for active employees between 65 and 69 years of age. We have subsequently been advised by EEOC that we cannot offer inducements for employees to take Medicare as primary coverage. As a consequence, and to comply with the September 5, 1983 deadline imposed by EEOC, we have sent every active employee between 65 and 69 years of age a letter, question and answer supplement and benefit election form (Exhibit "D") which we are required by law to obtain from each employee affected. All changes in rates of contribution necessary have been made as of September 7, 1983, and all health plans are now being paid the full active employee rate.

c) The annual Peat, Marwick, Mitchell & Co. audit is now in progress and will last until the end of September. The Financial Statements are due out around October 10th and should be presented to the Board at the November meeting.

d) There is a backlog of 2,221 claims as of last Friday - approximately four (4) days - caused primarily by a new source document verification system recommended by Peat, Marwick, as well as the two holidays last week. Some claims processors will be working overtime on Saturday, September 17th. It is anticipated the situation will be corrected shortly.

e) The Certificate of Deposit Report (Exhibit "E") reflects a current yield of 9.48% and an average yield fiscal year to date of 9.42%. A $500,000 Certificate of Deposit matured in August which was yielding 8 3/4% and was redeposited at 9 3/4%. Interest received fiscal year to date is $3,767.

10. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

f) The letter of response from Bay Pacific to the Mayor regarding her letter on a dependent (Ricky Tellez) of a City employee who required a liver transplant was given to the Board. Bay Pacific referred the Mayor's office to a trust fund foundation set up by Bay Pacific in San Francisco. Ricky Tellez did have a liver transplant operation in August in Sacramento. The source of funding for the operation is unknown at this point.

g) Paid Prescriptions advises that they are raising their administrative fees by $.02 per claim processed effective October 1, 1983. This will result in an increased cost to the System for the fiscal year of approximately $2,000.

h) The Board should be aware that the implementation of the mail order drug program is creating some adverse reaction from pharmacists. Our position has been that we don't want to take business out of San Francisco. If local pharmacists will fill prescriptions written for a 90-day supply, we would encourage our members to patronize those pharmacies. Our primary objective is cost containment.

i) The Charter amendment changing the City contribution formula was withdrawn by the Call of the Chair of the Rules and Legislation Committee.

j) Discussions continue with a number of different organizations on possible preferred provider arrangements. We are confident that firm proposals will be before the Board within three to six months.

11. ANNOUNCEMENTS - None

12. ADJOURNMENT -

There being no further business before the Board, the meeting was adjourned by President Bernstein at 4:30 P.M. in memory of Commissioner Paretchan's mother who recently passed away.

Respectfully submitted:

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE SEPTEMBER 13, 1983
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through August 1983

(1) Basic Benefits

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| Active Employees | $ 540,241 | $ 515,403 | 110% | 95% |
| Retired & Resigned | 269,934 | 235,862 | 95 | 87 |
| Adult Dependents | 335,535 | 285,045 | 100 | 85 |
| Minor Dependents | 183,245 | 156,764 | 93 | 86 |
| TOTAL | $ 1,328,945 | $ 1,193,074 | 102% | 90% |
| (2) Major Medical | | | | |
| Active Employees | $ 406,222 | $ 480,923 | 121% | 118% |
| Retired & Resigned | 453,723 | 556,327 | 129 | 123 |
| Adult Dependents | 381,626 | 429,407 | 138 | 113 |
| Minor Dependents | 42,289 | 91,463 | 284 | 216 |
| TOTAL | $ 1,283,860 | $ 1,558,120 | 134% | 121% |
| (3) Prescription Drug Benefit | $ 308,257 | $ 317,533 | 120% | 103% |
| (4) Vision Care | $ 117,329 | $ 137,677 | 115% | 117% |
| (5) Total All Coverages | $ 3,038,391 | $ 3,206,404 | 118% | 105% |

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 11, 1983 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Katz, Robert A.
   Gaggero, Joseph A. — Paretchan, Harry
   Hobel, Victoria — Renne, Louise H.
   Johnson, F. Walter

4. Minutes of Regular Meeting of September 13, 1983 submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Rules Committee - F. Walter Johnson, Chairman

   a. Amendment of Rules and Regulations amending Part IIA4, IIB-4a, IIC-2c and deleting Part IIA-5 relative to continuation of coverage where exemption has been granted.

8. Old Business -

   a. Memorandum of Understanding - SEIU 390/400

9. New Business -

   a. Hospital Room Rate Survey - Quarterly Report

   b. Policy on Third Party Liability Settlements

      1. Request for compromise settlement - Carolyn McLea - HSS No. 96675-02
         Amount - $1,377.98

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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10/11/83

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 11, 1983 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Johnson, F. Walter
Hobel, Victoria Katz, Robert A.

EXCUSED: Gaggero, Joseph A.
Paretchan, Harry
Renne, Louise H.

4. Minutes of regular meeting of September 13, 1983, submitted for approval. Motion was made by Commissioner Johnson and seconded by Commissioner Hobel to approve the minutes of the Regular Meeting of September 13, 1983, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Juan B. Rael, Rael & Letson, reported the Plan I claim experience (Exhibit 'A') for the 1st three months and reported that the Basic Benefit experience is favorable but the Major Medical is running at 125% which is much higher than projected. We are still not seeing the full impact of the benefit reduction from 85% to 80% and increase of the deductible from $75 to $100. He would expect the Basic Benefit loss ratio to increase and the Major Medical to decrease substantially as the fiscal year moves along. The overall loss ratio for the month was 111% and for the three months 108%.

Mr. Rael also presented the 1982-83 Actuarial Report to the Board which summarizes the activity of that fiscal year with historical comparison to previous fiscal years. It also defines the basis for the contribution rates which were adopted for 1983-84. He called attention to the actuarial balance sheet contained in the report which reflects the assets ($6,219,000) of the System as of June 30, 1983, and his projected liability of $4.4 million for incurred but not paid claims. The balance sheet reflects a contingency reserve of only $614,000 which represents only about 1/2 month of claims liability. He feels that reserves should be more substantial and hopes that an increment can be included in future year rates to build up that reserve.

5. ACTUARIAL REPORT - (cont'd.)

Mr. Smith added that the actuarial balance sheet points toward a bleak picture financially and reflects that difficult decisions will have to be made by the Board again during rate deliberations. He again presented the report (Exhibit 'B') which reflects what the experience would have been had the Board adopted the minor dependent rate proposed by the Actuary. He also presented three (3) additional statistical reports (Exhibits 'C', 'D' and 'E') which reflect respectively the claim experience on a month by month basis for the last two fiscal years compared to the current year; the last three year's experience for each program under Plan I; and the last three year's claim expenditures by modality of service.

6. APPEALS COMMITTEE -

Commissioner Johnson reported the following recommendations as temporary chairman of the Committee in the absence of Commissioner Gaggero.

a) Vincent O'Rourke - HSS No. 16660 - Matter tabled at appellant's request.

b) Margaret M. Morey - Deny reinstatement into System.

c) Ronald J. Vernali - HSS No. 57099 - Requested continuance to November meeting.

d) June Pyritz - HSS No. 31498 - Approve benefit coverage.

Commissioner Johnson made a motion to adopt the recommendations of the Appeals Committee; seconded by Commissioner Hobel. The motion passed unanimously.

7. RULES COMMITTEE -

Commissioner Johnson reported the rule amendment recommendations (Exhibit 'F') of the Committee which would abolish language restricting coverage after retirement where exemption had been claimed during working years.

Commissioner Johnson made a motion to adopt the Rules as amended; seconded by Commissioner Katz. The Rule amendments were adopted unanimously.

8. OLD BUSINESS -

a. Memorandum of Understanding with SEIU 390/400 -

Mr. Smith reported that the City Attorney has responded to our letter of inquiry on the proposed MOU in a letter dated September 15 which has been distributed to all Board members. His interpretation of the opinion is that the Board does have an obligation to meet and confer and based on that opinion the Board should ratify the proposal and see how it works for the period (until June 30, 1985) that it will be in effect. He mentioned that the Board's counsel, Commissioner Hobel has also expressed a similar opinion which was acknowledged by the Commissioner.

Commissioner Hobel made a motion that the Board ratify the Memorandum of Understanding (Exhibit 'G') between SEIU 390/400 and the City's Health Service System; seconded by Commissioner Katz. The motion passed unanimously.

9. NEW BUSINESS -

a. Hospital Room Rate Survey/Quarterly Report -

Mr. Smith presented the survey (Exhibits 'H-1' and 'H-2') for the quarter ending September 30, 1983, which reflected a surprising decrease in the average rate for San Francisco from $362 to $360 as a result of a decrease in room rates by Marshal Hale Hospital. The increase in Hospital room rates in San Francisco has moderated as can be seen by comparing the average 18½% increases for the 1979-80 and 1980-81 fiscal years, the 1981-82 increase which was 16%, the 1982-83 increase which was 12% with the twelve month period October, 1982 to October, 1983 which was 10%. This rate is still far above the inflation rate of 3 to 4% annually. Mary's Help Hospital again increased its rates, which were and still are the highest in the Bay Area, to $425 for a semi-private room and $480 for a private room. Although he would normally advocate an increase in our Major Medical maximum for room and board, he stated that he would not recommend that action at this time because of the financial situation of the System. The Board took no action as a result of the survey.

b. Policy on Third Party Liability Settlements -

Mr. Smith reported that the institution of a third party liability clause on July 1, 1982, has given rise to cases which may require a compromise of our lien rights in order to complete settlement because many cases involve questions of limited insurance coverage, the extent of damages and/or a bona fide dispute as to liability.

When an attorney represents a claimant, there is usually a contingency fee arrangement whereby the attorney gets a percentage of recovery. Some California case law suggests that a reduction of a lien is required to cover a claimant's attorney fees. A recovery in most cases can only be accomplished by filing a civil suit in the absence of the ability to compromise a lien right. This process may not be cost effective nor timely in the resolution of the case.

The Board is asked to approve a policy whereby the City Attorney can compromise liens of $3,000 or less without approval of the Board and that liens of $3,000 or more would be calendared before the Board for action.

The Board was also asked to approve a compromise settlement in the case of Carolyn McLea, HSS No. 96675-02. The lien is for $2,066.99 and the compromise settlement is for $1,377.98.

Commissioner Johnson made a motion that a Resolution be drafted setting out the policy and returned to the Board for action. Commissioner Katz seconded the motion. The motion was approved.

Commissioner Johnson made a motion that the Compromise settlement of $1,377.98 in the Carolyn McLea case be approved; seconded by Commissioner Katz. The motion passed unanimously.

9. NEW BUSINESS - (cont'd.)

c. C. C. S. F. vs. CGM Enterprises, Inc. (Dismissal) -

Mr. Smith brought to the attention of the Board that the $115,000 settlement in the CGM case is now available. He asked the Board for a motion authorizing the Executive Director to sign dismissal documents (Mutual Release and Settlement Agreement) in the case. The settlement was previously approved by the Board as well as the Board of Supervisors.

Commissioner Hobel made the motion authorizing the Executive Director to sign dismissal documents and accept the settlement ($115,000). Seconded by Commissioner Johnson. The motion was passed unanimously.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The claims outstanding as of Friday, October 7are 1,110 which is about half the 2,221 claims which were outstanding at the last report to the Board in September. The claim count is the lowest since June 3, 1983. It represents approximately 2 days backlog.

b. The Certificate of Deposit report (Exhibit 'I') reflects no change in current average yield; an increase to 9.44% for average yield fiscal year to date, and interest collected of $121,320 year to date.

c. Copies of a letter to our State Legislative Advocate expressing the Board's opposition to the proposed Senate Bills 801-804 and a letter to the Controller inquiring into the feasibility of a Tax Savings Plan were provided the Board for their information. These subjects were taken up at the September meeting of the Rules Committee and the Board.

d. An informational proposal package by a consultant firm called Affordable Health Concepts was provided to the Board. This firm would custom design a Preferred Provider Organization including policy and strategy recommendations, provide data processing and analysis, develop contracts, and provide contract negotiation services. Consideration as to the use of this firm should be dependent on developments in our PPO pursuits over the next few months.

e. A request to approve a Resolution (Exhibit 'J') authorizing the Executive Director to attend a Health Care Cost Containment Seminar sponsored by the International Foundation of Employee Benefit Plans in San Francisco on October 23 to 26, 1983. The cost of the seminar is $465.

Commissioner Hobel made a motion to adopt the Resolution 83-01 authorizing the expenditure of $465 for the Executive Director to attend the seminar. Seconded by Commissioner Katz. The motion was passed unanimously.

11. ANNOUNCEMENTS - None

12. ADJOURNMENT -

There being no further business before the Board, the meeting was adjourned by President Bernstein at 4:30 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT 'A'

REPORT BY ACTUARY FOR THE OCTOBER 11, 1983
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through September 1983.

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 833,140 | $ 801,440 | 98% | 96% |
| Retired & Resigned | 405,839 | 381,314 | 107 | 94 |
| Adult Dependents | 509,535 | 437,623 | 88 | 86 |
| Minor Dependents | 279,079 | 244,833 | 92 | 88 |
| TOTAL | $2,027,593 | $1,865,210 | 96% | 92% |
| (2) Major Medical | | | | |
| Active Employees | $ 627,284 | $ 744,393 | 119% | 119% |
| Retired & Resigned | 681,301 | 841,984 | 126 | 124 |
| Adult Dependents | 577,550 | 658,205 | 117 | 114 |
| Minor Dependents | 64,316 | 186,492 | 431 | 290 |
| TOTAL | $1,950,451 | $2,431,074 | 131% | 125% |
| (3) Prescription Drug Benefit | $ 467,646 | $ 466,147 | 93% | 100% |
| (4) Vision Care | $ 178,918 | $ 211,945 | 121% | 118% |
| (5) Total All Coverages | $4,624,608 | $4,974,376 | 111% | 108% |

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REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - NOVEMBER 8, 1983 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Katz, Robert A.
Gaggero, Joseph A. Paretchan, Harry
Hobel, Victoria Renne, Louise H.
Johnson, F. Walter

4. Minutes of Regular Meeting of October 11, 1983 submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business -

   a. Consideration of Resolution on Policy for Third Party Lien Settlements.

8. New Business -

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - NOVEMBER 8, 1983 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding. The President announced that Dr. James T. Fitzgerald, Medical Advisor to the Health Service System, passed away this morning.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Johnson, F. Walter
Katz, Robert A.
Paretchan, Harry

EXCUSED: Hobel, Victoria
Renne, Louise H.

4. Minutes of regular meeting of October 11, 1983, submitted for approval. Motion was made by Commissioner Paretchan and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of October 11, 1983, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Juan B. Rael, Jr., Rael & Letson, reported the 1st four months experience reflects a 99% Basic Benefit loss ratio for the month and 94% for the fiscal year to date; Major Medical Benefits were at 115% for the month, 122% year to date. He stated that over time the Basic Benefits should begin approaching 100% as well as a reduction should occur in the Major Medical experience approaching 100%. The prescription drug benefit was at 119% for the month and 105% year to date; vision care was at 96% for the month and 113% for the year compared to 118% through September, 1983. The overall program loss ratio was 108% for the month and 108% for the year, unchanged from the ratio as of September 30, 1983. (Exhibit 'A')

Mr. Smith again presented the Board an exhibit reflecting the experience after factoring in the intentional revenue subsidy. The report reflects a loss ratio of 104% versus 108% actual overall which is 4% or approximately $255,000 above what is projected. However, the revenue from an additional biweekly pay period is not yet factored in and an accurate comparison cannot be made until the experience through December is available. (Exhibit 'B')

5. ACTUARIAL REPORT (cont'd.) -

An exhibit (Exhibit 'C') also was presented reflecting contributions and claim expenditures on a month-to-month basis for the current fiscal year versus the previous two (2) years. It currently reflects contributions up about 13% over last year and expenditures up about 6%.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported the recommendations of the Appeals Committee:

a) Elaine Collins - HSS No. 96460-00 - to deny request to change health plans.

b) Robert Shields - HSS No. 46832-00 - to deny request to forgive medical premiums.

Commissioner Gaggero made a motion to adopt recommendations of the Appeals Committee; seconded by Commissioner Johnson. The motion passed unanimously.

Commissioner Gaggero also reported the following actions on pending appeals:

a) Ronald J. Vernali - HSS No. 57099-00 - continued at member's request.

b) Michael Shea - HSS No. 80009-04 - to deny but will continue case at member's request to allow consultation with his attorney and possible appeal to full Board.

c) Norma Haymond - HSS No. 98256-00 - continued at member's request.

d) Frederick Moynihan - HSS No. 56008-00 - Committee continued to obtain more information.

e) Karen Ann Rohrs - HSS No. 79152-04 - Committee continued to obtain additional information.

7. OLD BUSINESS -

a. Consideration of Resolution on Policy for Third Party Lien Settlements.

Mr. Smith submitted a proposed resolution (Exhibit 'D') as requested by the Board. Commissioner Johnson made a motion to amend the 5th paragraph of the resolution to read, "Therefore, Be it Resolved the Health Service Board hereby adopts a policy allowing the City Attorney WITH CONCURRENCE OF THE EXECUTIVE DIRECTOR OR HEALTH SERVICE SYSTEM STAFF to compromise liens up to $3,000 without referral to the Board for approval." Motion was seconded by Commissioner Gaggero. The amendment was adopted. On the same call the resolution was unanimously adopted as amended.

b. Status Report on Mayor's Task Force for Health Coverage for Domestic Partners.

Commissioner Katz reported that the task force is distributing a survey to a sampling of active and retired employees this week and that it is expected that a tabulation on the reaction and interest of the employees will be completed by the end of the month at which time the task force will meet again. One issue that has been resolved is the

7. OLD BUSINESS (cont'd.) -

elimination of the concept of primary beneficiary and the discussion has been narrowed again to domestic partners and the definition of same. The issue again is expanding the class of eligibility for health benefits.

8. NEW BUSINESS -

a. Presentation by Claire Lipschultz, Associate Director of Affordable Health Care Concepts. Re: Preferred Provider Consulting Services.

Ms. Lipschultz expressed AHCC, Inc. desire to assist the Health Service System in developing a selected contracting program of providers. A competitive environment has been generated by AB 3480 allowing private purchasers of health care to negotiate contracts with doctors and hospitals at guaranteed rates for care of their members. Guaranteed rates provide an incentive to hospitals to treat a patient in the most efficient and appropriate way possible, and provide the health plan a means of determining likely expenditures for a given year.

The challenge to payors of health care is to insure that negotiated rates achieve savings and that providers are able to maintain access for members and also provide service in a quality way. Preferred Provider Organization (PPO's) are a group of hospitals and/or doctors who come to payors of health care to provide service to their members at a guaranteed rate with a utilization review component. In return, providers expect faster turnaround time for payment and increased patient volume.

There are two (2) groups of PPO's emerging. One is a provider based PPO and the other a purchaser based PPO. The provider based PPO is marketed to many payors and is hence not custom tailored to a specific payor. A purchaser based PPO can look at its own claims history and membership demographics to determine appropriate providers to maintain access of care to its members. In so doing, the payor can achieve appropriate rates and can contract for sufficient services while maintaining control.

AHCC, Inc. believes that a payor based PPO is the most effective way to approach organization of selected contractors. The top officers of AHCC were involved in the State Medi-Cal hospital contracting program which saved the State millions of dollars. AHCC would examine current claims expenditures and patient utilization patterns along with a supply analysis of the financial costs and services provided by hospitals in the area. After acquiring this information, AHCC would develop selected providers and financial targets, develop and negotiate contracts, analyze rates and patient distribution and finally monitor expenditures and utilization.

AHCC, Inc. services can range from an analysis and advisory capacity to full development of a payor based PPO.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a) Outstanding claims as of last Friday were 513 which is the best position in which we have been in many months.

b) The Certificate of Deposit report (Exhibit 'E') reflects average current yield at 9.29% and average yield fiscal year to date of 9.40%.

Commissioner Katz asked again if a City Attorney's opinion has been received on the legality of using an outside investment firm. Mr. Smith responded that he has been given verbal assurance that it was appropriate but that no written opinion has yet been received. President Bernstein again asked for written assurance that all reserve funds deposited in Certificates of Deposit with a number of banks were fully secured. Mr. Smith stated that he would have that documentation by the next meeting of the Board.

c) The Controller responded to our inquiry on the tax savings plan stating that it cannot be done under the current payroll system but can be done under the new payroll system. Since it would be unfair to provide a benefit to some employees and not others due to the long 1½ year implementation period of the new payroll system, further consideration will not be given until everyone is on the new system and also provided the tax laws have not changed by that time.

d) The City Risk Manager, Keith Grand has advised us that Senator Robbins has postponed indefinitely hearings on SB 801-804 relating to stop loss insurance and annual reports to the State Insurance Commissioner for local government agencies.

e) Our mini computer hardware has been delivered and is being installed along with associated electrical wiring and air conditioning. Data Processing still assures us that we will be up in an on-line environment shortly after the first of the year.

f) We are meeting currently with the new payroll system staff, Retirement System staff and Data Processing staff to insure proper interface to the new payroll system both from a data processing prospective and an administrative prospective.

g) We have had two (2) meetings with representatives of SEIU 390/400 on cost containment and there are areas which we agree should be pursued such as hospital bill audits and mandatory 2nd opinion surgery programs. Proposals will be brought to the Rates and Benefits Committee.

h) Attended Cost Containment Seminar on October 24-26 sponsored by the International Foundation. The seminar although not addressing areas specific to individual employers, trust funds and others does give one a sense of what cost containment tools are being used and where your organization stands in this area. There are few organizations ahead and many behind us in the cost containment area.

i) Pursuant to the Board's previous expression of a desire to rejoin the International Foundation of Employee Benefit Plans, an opportunity has arisen to take membership effective now through the 1984 calendar year

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd)

at a cost of $250 instead of the standard $325 fee. Motion was made by Commissioner Johnson that the Health Service System join the IFEBP for the 1984 calendar year. Seconded by Commissioner Paretchan. The motion passed unanimously.

10. ANNOUNCEMENTS - NONE

11. ADJOURNMENT -

President Bernstein asked that the Chair entertain a motion to draw a resolution in memory of Dr. James T. Fitzgerald, Medical Advisor to the Health Service System, and that such resolution when adopted be sent to the family of Dr. Fitzgerald. Commissioner Paretchan made the motion; seconded by Commissioner Johnson. The motion passed unanimously.

President Bernstein adjourned the meeting at 4:45 P.M. in memory of Dr. James T. Fitzgerald.

Respectfully submitted:

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT 'A'

REPORT BY ACTUARY FOR THE NOVEMBER 8, 1983
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through October 1983.

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $ 1,119,606 | $ 1,106,999 | 107% | 99% |
| Retired & Resigned | 541,396 | 518,729 | 101% | 96% |
| Adult Dependents | 680,514 | 588,371 | 88% | 86% |
| Minor Dependents | 372,985 | 332,501 | 93% | 89% |
| TOTAL | $ 2,714,501 | $ 2,546,600 | 99% | 94% |
| (2) Major Medical | | | | |
| Active Employees | $ 838,942 | $ 1,006,866 | 124% | 120% |
| Retired & Resigned | 908,830 | 1,083,350 | 106% | 119% |
| Adult Dependents | 771,692 | 859,499 | 104% | 111% |
| Minor Dependents | 86,019 | 234,125 | 219% | 272% |
| TOTAL | $ 2,605,483 | $ 3,183,840 | 115% | 122% |
| (3) Prescription Drug Benefit | $ 625,448 | $ 654,306 | 119% | 105% |
| (4) Vision Care | $ 239,198 | $ 269,655 | 96% | 113% |
| (5) Total All Coverages | $ 6,184,630 | $ 6,654,401 | 108% | 108% |

RAEL & LETSON
*Consulting Actuaries*

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - DECEMBER 13, 1983 - 4:00 P.M.

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# A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Katz, Robert A.
   Gaggero, Joseph A. — Paretchan, Harry
   Hobel, Victoria — Renne, Louise H.
   Johnson, F. Walter

4. Minutes of Regular Meeting of November 8, 1983, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business -
   a. Status Report on Mayor's Task Force for Health Coverage for Domestic Partners - Commissioner Katz

8. New Business -
   a. 1982-83 Annual Audit - Peat, Marwick Mitchell & Co.

9. Executive Director's Report

10. Announcements -
    a. Set date of Annual Meeting

11. Adjournment -

12 Executive Session

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - DECEMBER 13, 1983 - 4:00 P.M.

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1. CALL TO ORDER -

   The Regular Meeting of the Health Service Board was called to order at 4:15 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Bernstein, Abraham, M.D.
   Gaggero, Joseph A.
   Johnson, F. Walter
   Katz, Robert A.
   Paretchan, Harry

   EXCUSED: Hobel, Victoria
   Renne, Louise H.

4. Minutes of regular meeting of November 8, 1983, submitted for approval. Motion was made by Commissioner Gaggero and seconded by Commissioner Katz to approve the minutes of the Regular Meeting of November 8, 1983, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

   Mr. Mike Clark, Rael & Letson, reported the claim experience for November which reflected a cumulative basic loss ratio of 85%, major medical at 114%, prescription drugs at 101%, vision care at 108% and an overall loss ratio of 100% for the 1st five months of the fiscal year. A third biweekly pay period in November had a beneficial effect on the experience. (Exhibit 'A')

   Mr. Smith commented that at this time last year the System was at a 110% loss ratio versus the current 100% which is 4% under the 104% projected for the year. Our contributions are about $25,000 in excess of expenditures this year versus a situation where expenditures were about $712,000 in excess of contributions last year after five months. The overall claim expenditures are currently about $311,000 below projections. A current loss ratio of 96% is shown factoring in intentional subsidy. (Exhibit 'B')

6. APPEALS COMMITTEE -

Commissioner Gaggero reported the following recommendations of the Appeals Committee:

a) Norma L. Haymond - HSS No. 98256-00 - Continued to allow Ms. Haymond to file formal grievance with the Bay Pacific Health Plan.

b) Frederick Moynihan - HSS No. 56008-00 - Approve reinstatement into the System.

c) Eugene Simmons - HSS No. 28892-00 - Deny reinstatement into the System.

d) Mary O'Connell - HSS No. 97240-00 - Approve reinstatement into the System.

Commissioner Paretchan made a motion to approve the recommendations of the Appeals Committee. Seconded by Commissioner Johnson. The motion was adopted unanimously.

7. OLD BUSINESS -

a. Status Report on Mayor's Task Force for Health Coverage for Domestic Partners -

Commissioner Katz reported that the Task Force received back a questionnaire sent randomly to 2,000 City employees. A total of 566 people responded as to their concerns about the domestic partnership issue. The response was varied and has not been totally analyzed at this point. The general tenor of the majority of the Task Force appears to be an appeal from a human rights perspective to provide health benefits to the domestic partners of City employees who work and contribute to the functioning of City government and who should be given the same rights as other individuals working for the City. Heterosexual couples have been eliminated from consideration on the basis that the law does allow them to marry and therefore qualify for participation in the System. The Task Force will report its findings to the Mayor in about sixty (60) days and the Mayor will probably then convey her thoughts on this issue to the Health Service Board.

8. NEW BUSINESS -

a. 1982-83 Annual Audit - Peat, Marwick, Mitchell & Co. -

Mr. John Lynn, managing partner introduced Tony Pohl, engagement manager for the audit, Jack Gross, senior accountant on the audit and Reed Linney, who is a Peat, Marwick consultant in the employee benefits area.

Mr. Lynn presented the two (2) products of the audit; the accountant's report which he noted reflected an emphasis statement noting that during the past two (2) years the net assets available for health

8. NEW BUSINESS - (cont'd.)

benefits have deteriorated. He did state, however, that the financial statement is an unqualified or clean opinion report which is the best opinion you can receive with respect to financial reporting. The second product is the management letter which contains recommendations to either enhance the internal control environment or general operating policies as well as recommendations to enhance Plan I's profitability.

Tony Pohl, the engagement manager, reviewed the Statement of Net Assets which reflected a large decrease in working capital from $2.9 million to $758,000 which basically represents the net wealth of the System. $5 million is still maintained in investments. Health claims payable and incurred but not reported have increased about $750,000 over last year. The Statement of Changes in Net Assets reflects total revenues during 1982-83 of $41.2 million and expenditures of $43.3 million causing a total decrease in net assets of $2.1 million. (Exhibit 'C-1' and 'C-2')

After discussion by the Board, Commissioner Katz requested that Peat, Marwick, Mitchell & Co. make available a representative for one additional future meeting, which request was agreed to by the company.

b. Report by Alexis Rankin, Health Care Consultant to SEIU 390/400-

Ms. Rankin submitted a copy of health care cost containment proposals from the city unions and the counterproposals by the Health Service to date. The main differences being that there are no dates for implementation or a mutual agreement provision in the City proposals, although there have been some compromises in these areas. A concern of the unions regarding contracting with a PPO is that the System not take a risk by accepting multiple per diem rates and that the hospitals not be allowed to do utilization review or at least not be the only entity doing utilization review. Also, that an independent review of any PPO proposals should be conducted.

The Unions are also proposing a Charter amendment (Exhibit 'D') for the June, 1984 ballot which would basically allow Charter provisions to stand unless the City negotiates something different with employee organizations.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Certificate of Deposit Report (Exhibit 'E') reflects maintenance of the average current yield at 9.29%; a drop from 9.4% to 9.38% in average yield fiscal year to date and additional interest of approximately $14,000 collected during November. Two (2) CD's matured in November, one for $1 million yielding 9 1/4% was reinvested at 9 13/20%, and a $500,000 CD yielding 9 3/4% was reinvested at 9 3/8%. A letter from the City Cash Manager was presented to the Board outlining the government code sections related to the collateral policy of the City and the security of our $5 million CD investment.

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

b. Eight hundred ninety-four (894) medical claims were outstanding as of December 9, 1983.

c. The Medicare inpatient deductible will rise effective January 1, 1984, to $356 from the current $304. Our Rules obligate us to pay 100% of the new rate. The Part B premium will rise from $12.20 to $14.60 which will be factored into the premium rate reduction for Medicare recipients for 1984-85. The outpatient deductible of $75 will remain the same.

d. Three (3) employees are in danger of being displaced from their jobs by eligibles from Civil Service lists. We are hopeful that when this occurs we will be able to retain them under the City's safety net program negotiated with the unions which guarantees a job to temporary employees who are displaced until December 31, 1984.

10. ANNOUNCEMENTS -

a. Set date of Annual Meeting -

The Board set Thursday, January 19, 1984, at 6:00 P.M. for the Annual Meeting as required by Charter Section 8.423. The meeting will be held in the Board meeting room at 1212 Market Street.

b. Resolution for Dr. James T. Fitzgerald -

President Bernstein read the Resolution (Exhibit 'F') which was adopted by the Board pursuant to its motion at the November Board meeting.

11. ADJOURNMENT -

There being no further business before the Board, the meeting was adjourned by President Bernstein at 5:15 P.M. Health Service Board then went into executive session on personnel matters.

Respectfully submitted:

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE DECEMBER 13, 1983
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through November 1983

| | CONTRIBUTIONS | CLAIMS | LOSS RATIO FOR MONTH | LOSS RATIO CUMULATIVE |
|---|---|---|---|---|
| (1) Basic Benefits | | | | |
| Active Employees | $1,515,479 | $1,298,533 | 48% | 86% |
| Retired & Resigned | 674,392 | 616,150 | 73% | 91% |
| Adult Dependents | 893,736 | 740,273 | 71% | 83% |
| Minor Dependents | 495,567 | 389,780 | 47% | 79% |
| TOTAL | $3,579,174 | $3,044,736 | 58% | 85% |
| (2) Major Medical | | | | |
| Active Employees | $1,130,210 | $1,245,879 | 82% | 110% |
| Retired & Resigned | 1,134,136 | 1,321,377 | 106% | 117% |
| Adult Dependents | 1,002,352 | 1,012,115 | 66% | 101% |
| Minor Dependents | 114,415 | 282,213 | 169% | 247% |
| TOTAL | $3,381,113 | $3,861,584 | 87% | 114% |
| (3) Prescriptions Drug Benefit | $ 803,574 | $ 808,478 | 87% | 101% |
| (4) Vision Care | $ 310,844 | $ 334,486 | 90% | 108% |
| (5) Total All Coverages | $8,074,705 | $8,049,284 | 74% | 100% |

RAEL & LETSON
Consulting Actuaries